

CITY OF MORGAN HILL
COMMUNITY DEVELOPMENT DEPARTMENT, PLANNING DIVISION

17575 Peak Avenue Morgan Hill CA 95037 (408) 778-6480 Fax (408) 779-7236
Website Address: www.morgan-hill.ca.gov / Email: General@ch.morgan-hill.ca.gov

PLANNING COMMISSION

JULY 14, 2009

**CITY COUNCIL CHAMBERS
CIVIC CENTER
17555 PEAK AVENUE
MORGAN HILL, CA**

COMMISSIONERS

CHAIR, WAYNE TANDA
VICE-CHAIR, COMMISSIONER JOSEPH H. MUELLER
COMMISSIONER ROBERT L. ESCOBAR
COMMISSIONER NANCY K. HART
COMMISSIONER SUSAN KOEPP-BAKER
COMMISSIONER JOHN LIEGL
COMMISSIONER JOHN A. MONIZ

REGULAR MEETING - 7:00 P.M.

***** A G E N D A *****

NOTICE TO THE PUBLIC

The following policies shall govern the conduct of the Planning Commission meetings:

- *All Planning Commission proceedings are tape-recorded.*
- *Individuals wishing to address the Planning Commission on a particular item should fill out a speaker card and present it to the Secretary. This will assist the Chairperson in hearing your comments at the appropriate time.*
- *When the Chairperson invites you to address the Commission, please state your name and address at the beginning of your remarks.*
- *Speakers will be recognized to offer presentations in the following order:*
 - *Those supporting the application*
 - *Those opposing the application*
 - *Those with general concerns or comments*
 - *Presentations are limited to 5 minutes*

**DECLARATION OF POSTING OF AGENDA IN ACCORDANCE WITH
GOVERNMENT CODE SECTION 54954.2 - SECRETARY REPORT**

OPEN PUBLIC COMMENT PERIOD (5 MINUTES)

Now is the time for presentation from the public on items NOT appearing on the agenda that are within the Planning Commission's jurisdiction. Should your comments require Commission action, your request will be placed on the next appropriate agenda. No Commission discussion or action may be taken until your item appears on a future agenda. You may contact the Planning Division for specific time and dates. This procedure is in compliance with the California Public Meeting Law (Brown Act) G.C. 54950.5. Please limit your comments to five (5) minutes.

ORDERS OF THE DAY

MINUTES: June 9, 2009 and June 23, 2009

PUBLIC HEARINGS:

- 1) **DEVELOPMENT AGREEMENT AND DEVELOPMENT SCHEDULE AMENDMENTS, DAA-05-06D/DSA-07-10D: GINGER-CUSTOM ONE:** A request to amend the Development Agreement and Development Schedule for a five-unit residential project to extend the 'commence construction' and 'obtain building permit' dates, respectively, by 12 months. The project site is approximately 1.2 acres in size and is located on the southeast corner of Ginger Way and Rose Lane in a R1(7,000) zoning district. (APNs 726-36-056 & -057)

Recommendation: Open Public Hearing/Adopt Resolution recommending City Council approval of Development Agreement Amendment/Adopt Resolution approving the Development Schedule Amendment

- 2) **ZONING AMENDMENT, ZA-09-05: CITY OF MH-SMALL LOT SFD ZONING DISTRICT:** A request to amend the General Plan Land Use element and Chapter 18 of the Morgan Hill Municipal Code to create a Single Family High (5-11 Du/Ac) land use designation and a High-Density Single-Family (R-1 4,000) zoning district.

Recommendation: Open Public Hearing/Adopt Resolution with recommendation to forward requests to City Council for approval.

DISCUSSION ITEM:

- 3) **SANTA CLARA VALLEY HABITAT CONSERVATION PLAN:** Provide a status report on the preparation of the Draft Habitat Plan and to receive comments on key policies issues that have emerged throughout the development of the plan for City Council consideration.

Recommendation: Discuss and forward policy issues for City Council consideration.

PLANNING COMMISSION AGENDA

JULY 14, 2009

PAGE 3

OTHER BUSINESS:

- 4) **STREAMLINE DEVELOPMENT PROCESSING SERVICES:** Revisions to policies and processes with goal of reducing the time necessary for private development projects to obtain approval.

Recommendation: Approve motion to recommend revisions to policies and procedures as contained in the July 14, 2009 staff report.

WORKSHOP:

- 5) **DOWNTOWN SPECIFIC PLAN:** Review, provide questions and comments and receive public input on the Draft Downtown Specific Plan released in July 2008.

TENTATIVE AGENDA FOR THE JULY 28, 2009 MEETING

- ZA-09-04: City of MH-Amendment to Seismic Combining District Chptr 18.43 of the City of MH Municipal Code
- RDCS Quarterly Report
- Policy on use of Park In-Lieu Fees

ANNOUNCEMENTS

CITY COUNCIL REPORTS

ADJOURNMENT

SPEAKER CARD

IN ACCORDANCE WITH GOVERNMENT CODE 54953.3, IT IS NOT A REQUIREMENT TO FILL OUT A SPEAKER CARD IN ORDER TO SPEAK TO THE PLANNING COMMISSION. HOWEVER, it is very helpful to the Commission if you would fill out the Speaker Card that is available on the counter in the Council Chambers. Please fill out the card and return it to the Deputy City Clerk. As your name is called by the Chairperson, please walk to the podium and speak directly into the microphone. Clearly state your name and address and proceed to comment upon the agenda item. Please limit your remarks to three (3) minutes.

NOTICE

AMERICANS WITH DISABILITY ACT (ADA)

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City.

If assistance is needed regarding any item appearing on the Planning Commission agenda, please contact the Office of the City Clerk at City Hall, 17555 Peak Avenue or call 779-7259 or Hearing Impaired only - TDD 776-7381 to request accommodation.

NOTICE

NOTICE IS GIVEN pursuant to Government Code Section 65009, that any challenge of any of the above agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the Planning Commission at, or prior to the Public Hearing on these matters.

NOTICE

The time within which judicial review must be sought of the action taken by the Planning Commission which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.

NOTICE

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act that are distributed to a majority of the Planning Commission less than 72 hours prior to an open session, will be made available for public inspection at the Office of the City Clerk at Morgan Hill City Hall located at 17555 Peak Avenue, Morgan Hill, CA, 95037 at the same time that the public records are distributed or made available to the Planning Commission. (Pursuant to Government Code 54957.5)

**MEMORANDUM****To: PLANNING COMMISSION****Date: July 14, 2009****From: COMMUNITY DEVELOPMENT DEPARTMENT****Subject: DEVELOPMENT AGREEMENT AMENDMENT AND DEVELOPMENT
SCHEDULE AMENDMENT, DAA-05-06D/DSA-07-10D: GINGER -
CUSTOM ONE****REQUEST**

The applicant is requesting approval to amend the Development Agreement and Development Schedule for a five-unit residential project located on the southeast corner of Ginger Way and Rose Lane in a R1(7,000) zoning district. The purpose of the amendments are to extend the 'obtain building permit' and 'commence construction' dates contained in the Development Schedule and Development Agreement, respectively, by 12 months.

RECOMMENDATION

Environmental Assessment: Not applicable

Application, DAA-05-06D: Approve resolution recommending City Council approval to amend the Development Agreement.

Application, DSA-07-10D: Approve resolution amending the Development Schedule.

Processing Deadline: December 12, 2009

BACKGROUND/CASE ANALYSIS

The project is located at the southeast corner of Ginger Way and Rose Lane. The project, referred to as Rose Glen, consists of five single-family homes (three detached units and one duplex). The project received three previous extensions of time as shown in the tables below. The applicant is currently requesting to extend the 'obtain building permit' and 'commence construction' dates by an additional 12 months.

DEVELOPMENT AGREEMENT

COMMENCE CONSTRUCTION	Original Dates	1st Amendment	2nd Amendment	3rd Amendment	Current Request
FY 2006-07 (5units)	06-30-07	(+8 mo.) 02-29-08	(+6 mo.) 08-30-08	(+12 mo.) 08-31-09	(+12 mo.) 08-31-10

DEVELOPMENT SCHEDULE

OBTAIN BUILDING PERMITS	Original Dates	1 st Amendment	2 nd Amendment	3 rd Amendment	Current Request
FY 2006-07 (5units)	03-31-07	(+8 mo.) 11-30-07	(+7 mo.) 06-30-08	(+12 mo.) 06-30-09	(+12 mo.) 06-30-10

The applicant's Letter of Justification (attached) requests an extension of time due to difficulties in obtaining project financing. According to the applicant, *"due to the slowdown in the real estate market the local lenders we normally work with are not willing to lend at this time. There is so much skepticism on the part of the lenders in the ability that once the project is completed and offered for sale, that the potential buyers or end users would be able to secure the necessary take out loans for purchase citing the real estate market slow down and high unemployment rates we are currently experiencing."* Also see the attached letter from South Valley National Bank.

While this current application represents the fourth extension of time request for the project, the previous extensions were for only eight, seven and 12 months. The applicant did not ask for the standard 12-month extension each time as other projects typically do. Also, the project has been diligent in pursuing all necessary approvals. To date, the Final Map has been completed and approved along with the improvement plans. The building plan check process has been paid and is near completion for the five homes. All deeds of rights of way have been secured and the necessary bonding is approved pending the "set aside" letter included with the financing package for the project.

In accordance with Section 18.78.125 of the Municipal Code, exceptions to the loss of building allotments may be granted if a project was delayed due to circumstances beyond its control and not a result of developer inaction. The slow down of the housing market has significantly affected all builders and is a circumstance beyond the developer's control. Staff supports the requested extension of time for the building allotments.

Staff also recommends amending Paragraph 18 of the development agreement to incorporate the recently adopted Council Policy granting the City Manager the authority to approve amendments to the development agreement, including the commence construction date.

RECOMMENDATION:

Staff recommends approval of the Development Schedule amendment as outlined in the attached resolution. Staff also recommends the Commission forward a recommendation of approval to the City Council for the Development Agreement amendment as contained in the attached resolution.

Attachments:

1. Development Agreement Resolution
2. Development Schedule Resolution
3. Applicant's Letter of Request
4. Letter from South Valley National Bank
5. Project Location Exhibit

RESOLUTION NO. 09-__

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL RECOMMENDING APPROVAL OF DEVELOPMENT AGREEMENT AMENDMENT APPLICATION, DAA-05-06D: GINGER – CUSTOM ONE TO ALLOW A TWELVE-MONTH EXTENSION OF THE COMMENCE CONSTRUCTION DATE FOR FIVE, FY 2006-07 BUILDING ALLOTMENTS (APNs 726-36-056 & -057)

WHEREAS, the Planning Commission, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded five building allotments for application MMC-04-07: Ginger – Custom One for FY 2006-07; and

WHEREAS, the City Council of the City of Morgan Hill has adopted Resolution No. 4028, establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Morgan Hill Municipal Code; and

WHEREAS, Sections 65864 through 65869.5 of the California Government Code authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property; and

WHEREAS, on October 25, 2006, the City Council adopted Ordinance No. 1797, N.S. which approved a development agreement and established a development schedule for the five-unit development; and

WHEREAS, on May 2, 2007, the City Council adopted Ordinance No. 1833, N.S., approving an exception to loss of building allotment (ELBA) extending the date to commence construction on the five, FY 2006-07 allotments by eight months; and

WHEREAS, on February 27, 2008, the City Council adopted Ordinance No. 1868, N.S., approving an ELBA to extend the commence construction date by an additional six months; and

WHEREAS, on October 1, 2008, the City Council adopted Ordinance No. 1901, N.S., approving a 12-month ELBA for the five, FY 2006-07 allotments; and

WHEREAS, the applicant is currently requesting to amend the development agreement to allow for an additional twelve-month ELBA for the five, FY 2006-07 allotments to extend the commence construction date to August 31, 2010; and

WHEREAS, Municipal Code Section 18.78.125 G, allows an exception to the loss of allotment be granted if the cause for the lack of commencement is not the result of developer inaction or due to circumstances outside of the developer's control; and

WHEREAS, the applicant has been diligent in pursuing all necessary approvals; the Final Map and improvement plans are approved, three rounds of building plan check have been completed, and all deeds of rights of way have been secured and the necessary bonding is approved pending the "set aside" letter included with the financing package for the project; and

WHEREAS, the housing market has significantly slowed, thus additional time is needed so lenders will allow new construction to proceed; and

WHEREAS, the City Council has previously recognized downturns in the housing market as circumstance for exceptions to the loss of building allotments which is an external factor not the result of developer inaction; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:

SECTION 1. ADOPTION OF DEVELOPMENT AGREEMENT AMENDMENT. The Planning Commission hereby recommends to the City Council adoption of the Development Agreement Amendment for DAA-05-06D: Ginger – Custom One.

SECTION 2. EXCEPTION TO LOSS OF BUILDING ALLOTMENT. The project applicant has, in a timely manner, submitted necessary planning applications to pursue development. Delays in the project have occurred due to external factors not the result of developer inaction, including the downturn in the housing market and delays resulting from construction financing. Based on the findings required in Section 18.78.125 of the Municipal Code and precedent set by the Council to allow a downturn in the housing market to be justification for an ELBA request, the Planning Commission recommends approval of the development agreement amendment to allow a 12-month Exception to Loss of Building Allotment for the five, FY 2006-07 building allotments.

SECTION 3. MODIFICATION TO PARAGRAPH 18. The Planning Commission hereby recommends approval to amend paragraph 18 of the development agreement as follows:

~~18. Amendment or cancellation of Agreement. This Agreement may be amended, or canceled in whole or in part, by mutual consent of the parties and in the manner provided for in California Government Code Section 65868, 65867 and 65867.5.~~

18. Amendment

(a) Amendment or Cancellation of Agreement by Mutual Consent. This Agreement may be amended, or canceled in whole or in part, by mutual consent of the parties and in the manner provided for in California Government Code Sections 65868, 65867 and 65867.5 or their successor legislation.

(b) Minor Amendments. "Minor amendments" to the Agreement may be made by mutual consent of the parties without compliance with the procedures required under paragraph 18(a). A "minor amendment" shall not include any of the following:

(i) Any material amendment or modification, or elimination of provisions required pursuant to the Morgan Hill Municipal Code and California Government Code Section 65865.2, or its successor legislation, including provisions relating to : (1) the duration or term of this Agreement, (2) the permitted uses of the subject property, (3) the density or intensity of uses, (4) the maximum height and size of proposed buildings, (5) provisions for reservation or dedication of land for public purposes, (6) general location of the uses or proposed buildings or (7) the relation of the project to adjacent properties; or

(ii) Any material amendment or modification, or eliminations of provisions set forth in paragraph 14; or

(iii) Any extension, postponement or amendment of the time for construction and completion of the project as specified in paragraph 10 for an aggregated time period of more than twelve (12) months.

(c) Any minor amendment must be made in writing signed by the City Manager (and approved by the City Attorney) of the City and by the Property Owner. After approval and signatures from the City Manager and the Property Owner, the amendment shall be recorded with the Santa Clara county recorder.

PASSED AND ADOPTED THIS 14TH DAY OF JULY 2009, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSTAIN: COMMISSIONERS:

ABSENT: COMMISSIONERS:

ATTEST:

APPROVED:

ELAINE J. BUCK, Deputy City Clerk

WAYNE TANDA, Chair

Exhibit A

EXHIBIT B

**DEVELOPMENT SCHEDULE
MMC-04-07: GINGER – CUSTOM ONE
(FY 2006-07; 5 allotments)**

	Currently Approved Date	Requested Date
I. COMMENCE CONSTRUCTION:		
FY 2006-07 (5 units)	August 31, 2009	<i>August 31, 2010</i>

Failure commence construction by the date listed above shall result in the loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least 3 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

RESOLUTION NO. 09-__

**A RESOLUTION OF THE PLANNING COMMISSION
OF THE CITY OF MORGAN HILL APPROVING AN
AMENDMENT TO THE DEVELOPMENT SCHEDULE
FOR APPLICATION MMC-04-07: GINGER – CUSTOM
ONE GRANTING A 12-MONTH EXTENSION TO
OBTAIN BUILDING PERMITS FOR FIVE, FY 2006-07
ALLOTMENTS (APNs 726-36-056 & -057)**

WHEREAS, the Planning Commission, pursuant to Chapter 18.78.380 of the Morgan Hill Municipal Code, awarded five building allotments for application MMC-04-07: Ginger – Custom One; and

WHEREAS, the City Council of the City of Morgan Hill has adopted Resolution No. 4028, establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System (RDSCS), Title 18, Chapter 18.78 of the Morgan Hill Municipal Code; and

WHEREAS, on October 25, 2006, the City Council adopted Ordinance No. 1797, N.S., which approved a development agreement and established a development schedule for the five unit development; and

WHEREAS, the Planning Commission adopted Policy PCP-06-01, which became effective on October 25, 2006, establishing a procedure to approve development schedules and extension of time requests by Planning Commission Resolution for projects receiving allotments through the RDSCS; and

WHEREAS, on March 27, 2007, the Planning Commission adopted Resolution No. 07-27, extending the deadlines to submit building permit plans and obtain building permits for the five allotments by up to eight months; and

WHEREAS, on February 12, 2008, the Planning Commission adopted Resolution No. 08-10, extending the deadlines to obtain building permits for the five allotments by up to seven months; and

WHEREAS, on July 22, 2008, the Planning Commission adopted Resolution No. 08-72, extending the deadline to obtain building permits for the five building allotments from June 30, 2008 to June 30, 2009; and

WHEREAS, in accordance with Policy PCP-06-01, the applicant is requesting to extend the obtain building permit date within the development schedule by an additional 12 months from June 30, 2009 to June 30, 2010 for the five, FY 2006-07 allotments; and

WHEREAS, the amended development schedule for application MMC-04-07: Ginger – Custom One was considered by the Planning Commission at their regular meeting of July 14, 2009, at which time the Planning Commission approved the amended development schedule.

NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:

SECTION 1. ADOPTION OF AMENDED DEVELOPMENT SCHEDULE. The Planning Commission hereby adopts the Amended Development Schedule for MMC-04-07: Ginger – Custom One attached to this Resolution as Exhibit A.

PASSED AND ADOPTED THIS 14TH DAY OF JULY 2009, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSTAIN: COMMISSIONERS:

ABSENT: COMMISSIONERS:

ATTEST:

APPROVED:

ELAINE J. BUCK, Deputy City Clerk

WAYNE TANDA, Chair

AFFIDAVIT

I, Gary Walton, applicant, hereby agree to accept and abide by the terms and conditions specified in this resolution.

CUSTOM ONE, INC.

Gary Walton, President
Applicant

Date: _____

EXHIBIT "A"

**MMC-04-07: GINGER – CUSTOM ONE
(FY 2006-07; 5 allotments)**

	Currently Approved Dates	Requested Date
I. SUBDIVISION AND ZONING APPLICATIONS		
Subdivision Application Filed:	07-29-05	
Zoning Application Filed:	04-11-06	
II. SITE REVIEW APPLICATION		
Application Filed:	06-02-06	
III. FINAL MAP SUBMITTAL		
Map, Improvements Agreement and Bonds:	10-31-06	
IV. BUILDING PERMIT SUBMITTAL		
Submit plans to Building Division for plan check:	07-30-07	
V. BUILDING PERMITS		
Obtain Building Permits:	06-30-09	<i>June 30, 2010</i>

Failure to obtain building permits by the date listed above shall result in the loss of building allocations. Submitting a Final Map Application or a Building Permit one (1) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least 3 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.

Custom One, Inc.

P O Box 1265, Morgan Hill, CA 95038

June 1, 2009

City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037

DEVELOPMENT
SERVICES

JUN 12 2009

CITY OF MORGAN HILL

Attention: Jim Rowe

Subject: MMC-04-07: GINGER- CUSTOM ONE
(FY 2006-07; 5 allocations)

Dear Mr. Rowe:

This letter shall serve as our request for a **Twelve Month Extension of Time** to "commence construction" on the above subject project.

To date, our Final Map has been completed and approved along with the improvements plans. The plan check process has been paid and completed for the construction plans for the proposed five houses. All deeds of rights of way have been secured and the necessary bonding is approved pending the "set aside" letter included with the financing package for the project. But due to the slowdown in the real estate market the local lenders, we normally work with, are not willing to lend at this time.

There is much skepticism on the part of the lenders in the ability that once the project is completed and offered for sale, that the potential buyers or end users would be able to secure the necessary take out loans for purchase citing the real estate market slow down and high unemployment rates we are currently experiencing.

We appreciate your consideration and should you need additional information, please contact me at 847-8197.

Respectfully yours,


Gloria Pariseau
Project Manager



SOUTH VALLEY NATIONAL BANK

June 10, 2009

Gary Walton
Custom One, Inc.
P.O. Box 1265
Morgan Hill, CA 95038

Sent via Facsimile Transmission
408-847-4164

RE: MMC-04-07 Ginger Way- Custom One, Inc.

Dear Mr. Walton:

Thank you for your letter dated 6/10/09 from your project manager Gloria Pariseau.

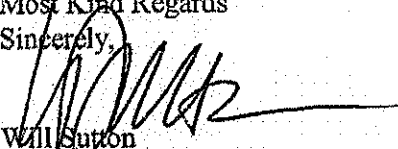
As you and I discussed this past week, the weak economy and high unemployment has caused the demand for housing to remain soft and institutional lenders are at a full capacity with high concentration of loans that are secured by land in process for residential development and thus are retrenching from making those types of loans today.

Thank you for your invitation for South Valley National Bank to consider your financing needs but unfortunately the weak economy and a high concentration of real estate secured loans is prohibiting us from considering any new loan increases at this time.

As I mentioned above, the ability to obtain residential subdivision credit has become restrictive because of the increased concentration of loans of this type at this time and we are not seeking new residential development loan opportunities.

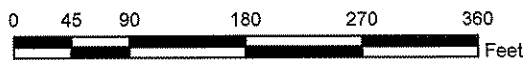
I would be glad to speak with you direct and to answer any questions you may have. Please call me at 831-630-2474 at my construction office in Hollister, CA.

Most Kind Regards
Sincerely,


Will Sutton
Senior Vice President,
South Valley National Bank
Cc: Gloria Pariseau, Project Manager Custom One, Inc.

Construction Lending Department

500 Tennant Station • Morgan Hill, California 95037 • Telephone: (408) 778-1510 • Fax: (408) 778-4591
300 Tres Pinos Road, Suite D-1 • Hollister, California 95023 • Telephone: (831) 636-5581 • FAX: (831) 638-9775



Rose Glen Project

Project Location Exhibit





MEMORANDUM

To: PLANNING COMMISSION

Date: July 14, 2009

From: COMMUNITY DEVELOPMENT DEPARTMENT

**Subject: HIGH-DENSITY SINGLE FAMILY GENERAL PLAN DESIGNATION AND
ZONING DISTRICT: GPA 09-02/ZA 09-05 : City of Morgan Hill-Small Lot
SFD**

REQUEST

Review and discuss new general plan land use designation of Single Family High (5-11 Du/Ac) and zoning text amendments proposed to incorporate a High-Density Single-Family (R-1 4,000) zoning district into Chapter 18 Zoning, of the Morgan Hill Municipal Code.

BACKGROUND

On May 26 the Planning Commission held a workshop to discuss the proposed general plan amendment and zoning text amendment proposed to allow high density single family development.

The item was considered again at the June 9 meeting where the Commission decided a field trip would be best to gain a better visual understanding of small lot single family developments.

On June 19 a special meeting was held to allow the Planning Commission to go on a field trip to 8 small lot single family developments within and around the City of San Jose. The field trip destinations illustrated developments with lot sizes ranging from 1850-4700 sq. ft, 1650-3412 sq. ft. house sizes and FARs ranging from 57 to 100%. Photos and site maps from the field trip are attached to this report.

The following are some general field trip observations:

- The homes were oversized for the lots.
- Some had very little private outdoor space.
- The “canyon” effect created by having two, two story units 10 ft. apart is not acceptable.
- The straight up (flat) 2 story corner units need better articulation.
- The monotonous effect of repeated setbacks and unit size.
- Two car private driveways should be provided along with sufficient guest parking.
- Notched in guest parking along the private streets is preferable.

DISCUSSION

In order to preserve the existing attached vs. detached distinction between multi-family and single-family land use designations staff is proposing a Single Family High land use designation to implement GP Action 7.1 and proposed GP Housing Element policy. The proposed Single Family High designation will allow for better (less confusing) implementation of the design and development criteria stated in GP Action 7.1.

The proposed Single-Family High land use designation would be defined as follows:

Single Family High. The Single Family High land use is meant to accommodate detached single family homes on small lots at a density of 5-11 dwelling units per acre.

The proposed Single Family High (5-11 Du/Ac) GP designation will allow for detached homes at densities currently found in the Multi-Family Low (5-14 Du/Ac) and Single Family Medium (3-5 Du/Ac) GP designations and is intended to provide a transition between existing and proposed Multi-Family Low and Single Family Medium development, allowing for creation of lot sizes lower than the current 7,000 sq. ft. minimum.

The exact locations and extent of the Single Family High land use designation is not known at this time. Application of the proposed Single-Family High land use designation and corresponding zoning on specific properties will initially be done on a case-by-case basis in response to individual property owner application for a Single Family High GP designation and corresponding zoning amendment. The Commission and Council as part of the individual application requests will need to evaluate whether a requested site is appropriate for Single Family High development.

The High-Density Single-Family R-1 4,000 zoning designation is proposed as the corresponding zoning classification for the proposed Single Family High land use designation. The proposed R-1 4,000 zoning designation includes development standards which would mitigate many of the negative factors noted in various fieldtrip destinations. One of the biggest concerns noted from the field trip was keeping the size of the home proportional to the size of the lot. The proposed R-1 4,000 development standards include a maximum FAR of 50%. The proposed FAR definition includes the attached garage area in the FAR calculation. Thus a 4000 sq. ft. lot would be limited to a 2000 sq. ft. building (1600 sq. ft. living area + 400 sq. ft. garage).

Another reoccurring concern was the “canyon effect” where 2, 2-story homes were 10 ft. apart. The “canyon effect” became more of a concern when it as repeated through-out the development. The proposed R-1 4,000 zoning requires a minimum first story side yard based on 10% of the lot width and second story side yard defined as 15% of the lot width. The proposed second story side setback requirement (min. of 6ft. on a 40 ft. wide lot) would create a minimum 12 ft. separation between 2, two story units. The repetition concern would be mitigated through the application of the RDSCS scoring criteria. The RDSCS criteria awards points to projects that include the following variations: lot size, unit size, setbacks, garage types (rear detached or tandem), unit type (single story), elevation repeat (# of models vs. # of lots), front architectural treatments (balcony, porch or courtyard). The City’s design review handbook also contains similar requirements so projects not competing in the RDSCS or not committing to a particular criterion within the RDSCS would still be subject to the requirements of the Design Review Handbook as part of the Design Permit process.

Modification is not proposed to the current parking requirements for single family homes (2 covered + 2 car driveway + 1 guest space/4 units). The text amendment proposed at this time would allow for the use of tandem garage space to meet the 2 covered space requirement. Variation to the parking requirement can only occur through the PD process were a specific request for modification would have to be reviewed and approved by Planning Commission and City Council.

RECOMMENDATION

It is recommended that the Commissioners visit the Kelly Park, El Dorado and Morgan Ranch developments in Morgan Hill to get an idea of what could be produced within the proposed general plan and R-1 4,000 zoning designation. Photos and site maps of Morgan Hill single family small lot develops are attached to this report.

Attached for review and approval is a resolution recommending City Council approval of the proposed the Single Family High land use designation and High-Density Single Family Residential (R-1 4,000) zoning district and other related zoning text amendments.

Attachments:

Small lot developments- San Jose

Small lot developments-Morgan Hill

Resolution recommending Section 18.13 High-Density Single Family Residential District

Resolution recommending amendment to Sections 17.34, 18.04, 18.50, 18.55 and 18.57

Resolution recommending amendment to General Plan Community Development text

RESOLUTION NO.

**A RESOLUTION OF THE PLANNING COMMISSION OF
THE CITY OF MORGAN HILL RECOMMENDING
AMENDMENT TO TITLE 18, THE ZONING CODE BY
ADDING CHAPTER 18.13 HIGH-DENSITY SINGLE
FAMILY RESIDENTIAL ZONING DISTRICT. (ZA-09-05:
CITY OF MORGAN HILL-HIGH DENSITY SINGLE
FAMILY ZONING TEXT)**

WHEREAS, such request was considered by the Planning Commission at their regular meeting of May 25, June 9, June 19 and July 14, 2009, at which time the Planning Commission recommended approval of application ZA-09-05: City of Morgan Hill-Single Family zoning text; and

WHEREAS, the insertion of Chapter 18.13, R-1 4,000 High Density Single Family Residential District to the Morgan Hill Municipal Code will establish and define the standards for high density single family development as described in General Plan Land Use Action 7.1; and,

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES
RESOLVE AS FOLLOWS:**

SECTION 1. The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.

SECTION 2. The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.

SECTION 3. Pursuant to CEQA section 15061(b)(3) the text amendments recommended within this resolution will not result in an activity requiring a permit or a physical change in the environment and therefore do not constitute a project.

SECTION 3. The Planning Commission hereby recommends the adoption of Chapter 18.13, R-1 4,000 High Density Single Family Residential District into the Morgan Hill Municipal Code to establish and further define the allowable uses and site development standards which implement the high density single family land use designation;

**PASSED AND ADOPTED THIS 14th DAY OF JULY, 2009, AT A REGULAR MEETING
OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:**

**AYES: COMMISSIONERS:
NOES: COMMISSIONERS:
ABSTAIN: COMMISSIONERS:
ABSENT: COMMISSIONERS:**

ATTEST:

APPROVED:

ELAINE BUCK, Deputy City Clerk

WAYNE TANDA, Chair

Chapter 18.13

HIGH-DENSITY SINGLE FAMILY RESIDENTIAL DISTRICT

Sections:

- 18.13.010 Purpose of district.
- 18.13.020 Permitted uses.
- 18.13.030 Accessory uses.
- 18.13.040 Conditional uses.
- 18.13.050 Site development standards--Generally.
- 18.13.060 Site development standards
- 18.13.080 Additional required conditions.
- 18.13.090 Trash containers.

18.13.010 Purpose of district.

The purpose of the high density single family residential district is to stabilize and protect the residential character of single family neighborhoods and promote and encourage a suitable living environment. The R-1 4,000 district is intended for detached single family homes on small lots and the community services appurtenant thereto.

18.13.020 Permitted uses.

The following uses shall be permitted in the R-1 4,000 district, with less than 25 percent single family attached, duets or multifamily permitted within a given project:

- A. Single family detached dwellings
- B. Duets, duplex or single-family attached dwellings;
- C. Residential care facilities-Small;
- E. Manufactured homes;
- F. Small and large family day care homes.

18.13.030 Accessory uses.

The following uses are the accessory uses permitted in the R-1 4,000 district:

- A. Signs, complying with the applicable regulations set forth in Chapter 18.76 of this title;
- B. Private garage and parking areas;
- C. Home occupations;
- D. Other accessory uses and buildings customarily appurtenant to a permitted use complying with the applicable regulations set forth in Chapter 18.56 of this title;
- E. Secondary dwelling units complying with the applicable regulations set forth in Chapter 18.55 of this title;

18.13.040 Conditional uses.

The following uses may be conditionally allowed in the R-1 4,000 district, subject to issuance of a conditional use permit, in accordance with Chapter 18.54 of this title:

- A. Public and quasi-public buildings and uses for a recreational, educational, religious, cultural or public-service type, not including corporation yards, storage or repair yards, and warehouses;
- B. Community clubs, and other public and private noncommercial recreational areas and facilities, such as country clubs, golf courses and swimming pools;

- C. Hospitals and other medical facilities, provided that such uses are located adjacent to an arterial road, as designated on the General Plan land use map;
- D. Nursery schools;
- E. Parking lots providing that such lots are adjacent to commercial zoning districts.

18.13.050 Site development standards--R-1 4,000 district.

The following site development standards shall apply in the R-1 4,000 district:

- A. Minimum lot area:
 - 1. Single family detached: 4,000 square feet.
 - 2. Corner lot single family detached: 4,500 square feet
 - 3. Single family attached, duet or townhouse lots: 3,500 square feet
 - 4. Corner single family attached, duet or townhouse lots: 4,000 square feet
 - 5. Duplex lots: 7,000 square feet
 - 6. Corner duplex lots: 7,500 square feet
- B. Minimum lot width for lots less than 5000 square feet: 40 feet.
- C. Minimum lot width for lots 5000 square feet or greater: 50 feet.
- D. Cul-de-sac lot width: 40 feet
- E. Minimum lot depth: 85 feet;
- F. Maximum floor area ratio: 50 percent
- G. Minimum setbacks:
 - 1. Front: 15 feet
 - 2. Rear: 15 feet; 20 feet for two-story
 - 3. Side interior: first floor shall be equal to 10 percent of the lot width.
 - 4. Side interior: second floor shall be equal to 15 percent of the lot width.
 - 5. Side exterior corner: 9 feet;
- I. Maximum height: 35 feet;
- J. All residential development fronting on an arterial street as defined by the general plan, shall provide a minimum front yard setback of thirty feet, or all residential development with rear or side yard areas adjacent to an arterial street shall provide a minimum fence/wall setback of fifteen feet with an average of twenty feet from the face of the curb;
- K. Parking requirements: as specified in Chapter 18.50 of this title.
- L. Projections into required yard area are allowed pursuant to specifications within Chapter 18.57.
- M. Trash receptacles and enclosures: as specified in Section 18.48.130

RESOLUTION NO. 09

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL RECOMMENDING AMENDMENT AND/OR ADDITION TO CHAPTER 17.34 STANDARDS FOR RESIDENTIAL AND PRIVATE STREETS, 18.04 DEFINITIONS, 18.50 PARKING AND PAVING STANDARDS, CHAPTER 18.55 SECONDARY DWELLING UNITS, AND CHAPTER 18.57.030 EXCEPTIONS OF THE MORGAN HILL MUNICIPAL CODE. (ZA-09-05: CITY OF MORGAN HILL-HIGH DENSITY SINGLE FAMILY ZONING TEXT)

WHEREAS, such request was considered by the Planning Commission at their regular meeting of May 25, June 9, June 19 and July 14, 2009, at which time the Planning Commission recommended approval of application ZA-09-05: City of Morgan Hill-Single Family zoning text.

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES RESOLVE AS FOLLOWS:

- SECTION 1.** The proposed zoning text amendment is consistent with the Zoning Ordinance and the General Plan.
- SECTION 2.** The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.
- SECTION 3.** Pursuant to CEQA section 15061(b)(3) the text amendments recommended within this resolution will not result in an activity requiring a permit or a physical change in the environment and therefore do not constitute a project.
- SECTION 4.** The Planning Commission hereby recommends approval of changes to the text of the Morgan Hill Municipal Code amending Section 17.34.060 Private Streets which are shown by strike-out text for deletions, and bold italic text for additions. All text amendments are recommended to be made as shown in attached Exhibit A.
- SECTION 5.** The Planning Commission hereby recommends approval of changes to the text of the Morgan Hill Municipal Code amending Chapter 18.04 Definitions which are shown by strike-out text for deletions, and bold italic text for additions. All text amendments are recommended to be made as shown in attached Exhibit B. All recommended text additions are shown in attached Exhibits C.
- SECTION 6.** The Planning Commission hereby recommends approval of changes to the text of the Morgan Hill Municipal Code amending Section 18.50.200 Tandem parking spaces which are shown by strike-out text for deletions, and bold italic text for additions. All text amendments are recommended to be made as shown in attached Exhibit D.

SECTION 7. The Planning Commission hereby recommends approval of changes to the text of the Morgan Hill Municipal Code amending Chapter 18.55 Secondary Dwelling Units which are shown by strike-out text for deletions, and bold italic text for additions. All text amendments are recommended to be made as shown in attached Exhibit E.

SECTION 8. The Planning Commission hereby recommends approval of changes to the text of the Morgan Hill Municipal Code Section 18.57.030 Exceptions to required setback which are shown by strike-out text for deletions, and bold italic text for additions. All text amendments are recommended to be made as shown in attached Exhibit F.

PASSED AND ADOPTED THIS 14th DAY OF JULY 2009, AT A REGULAR MEETING OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS:
NOES: COMMISSIONERS:
ABSTAIN: COMMISSIONERS:
ABSENT: COMMISSIONERS:

ATTEST:

APPROVED:

ELAINE BUCK, Deputy City Clerk

WAYNE TANDA, Chair

Exhibit A

Section of Chapter 17.34.060 of the Morgan Hill Municipal Code is *amended* to read as follows:

CHAPTER 17.34 STANDARDS FOR RESIDENTIAL AND PRIVATE STREETS

17.34.060 Private streets.

Private streets shall only be allowed where no thru traffic or access to adjoining properties is required. Minimum standards of private streets are as follows:

A Street right of way width shall be forty –eight feet minimum, *except for private streets in the R-4, R-3, R-2 or R-1 4,000 zoning districts, which may be thirty feet upon approval of the Public Works Director.*

B. Curb-to-curb width shall be thirty-six feet minimum *except for private streets in the R-4, R-3, R-2 or R-1 4,000 zoning districts, which may be 24 feet upon approval of the Public Works Director.*

C. Sidewalks and parking shall be provided along both sides of the street *except for private streets in the R-4, R-3, R-2 or R-1 4,000 zoning districts upon approval the Public Works Director.*

Exhibit B

The individual sections of Chapter 18.04 of the Morgan Hill Municipal Code are *amended* to read as follows:

Chapter 18.04 DEFINITIONS

18.04.135 Driveway.

"Driveway" means a permanently surfaced area on a lot, designed and required to provide direct access for vehicles between a street and a private garage, carport or other permitted parking space or parking area or loading area. (Ord. 559 N.S. § A (part), 1981)

18.04.195 Floor area.

~~"Floor area" means the sum of the areas of the several floors of structure(s), as measured by the exterior faces of the walls, less any area within the structure(s) devoted to parking, vehicular atriums or enclosed malls and similar areas. (Ord. 559 N.S. § A (part), 1981)~~

"Floor area ratio" (FAR) means a ratio, expressed as a percentage, of the gross floor area of a given building, as measured by the exterior faces of the walls, to the net area of the parcel of real property on which such building or buildings are located. In determining the FAR for residential uses, the gross floor area shall include the area devoted to covered parking and all area devoted to staircases on all levels. Basement area shall not be included in the gross floor area.

18.04.245 Lot.

"Lot" means a piece or parcel of land owned as a single unit in common ownership, occupied or intended to be occupied by a principal building or a group of such buildings and accessory buildings, or utilized for a principal use and uses accessory thereto, together with such open spaces as are required by this chapter, and having frontage on and access to an approved and accepted city street which meets the standards of width and improvements as specified in the regulations of the city contained in or adopted pursuant to the subdivision title of this code, and Chapter 18.50 of this title on street improvements as to the frontage of the lot involved, or having frontage on and access to an approved private street or major driveway aisle for properties that are located in the *R-1 4,000*, R-2, R-3, R-4 and CC-R districts. (Ord. 1743 N.S. § 1, 2005; Ord. 559 N.S. § A (part), 1981)

18.04.250 Lot area.

~~"Lot area" means the net site area of a lot, expressed in terms of acres or square feet, exclusive of any public street easements, and exclusive of that percentage of the total area of any other public easements or private easements which is in excess of fifteen percent of the net site area of the lot, exclusive of any such public street easements, which net site area as thus limited can be legally occupied by a principal building or a group of such buildings and accessory buildings, or can be utilized for a principal use and uses accessory thereto, together with such open spaces as are required by Division I of this title. (Ord. 559 N.S. § A (part), 1981)~~

"Lot area" means the net site area of a lot, expressed in terms of acres or square feet. In determining net lot area the following shall not be included:

- 1. Any land within the limits of a street (public or private) upon which the lot abuts, even if fee title to such street is held by the owner.*
- 2. Public easements or private easements other than streets which are in excess of fifteen percent of the net site area of the lot.*

18.04.395 Setback.

"Setback" means the distance between the building and any lot line, *public or private street easements, or drive-aisles.* (Ord. 1473 N.S. § 5, 2000)

18.04.396 Setback Line.

"Setback Line" means that line which defines the minimum required distance from any lot line, *public or private street easements or drive-aisles*, within which a *primary structure* must be placed. (Ord. 1473 N.S. § 6, 2000)

Exhibit C

The following sections are hereby added to Chapter 18.04 of the Morgan Hill Municipal Code:

18.04.120.13 Density

“Density” means the number of dwelling units permitted per net lot area.

18.04.417 Street

“Street” means a public or private thoroughfare, including road, highway, drive, lane, avenue, place, boulevard, and any other thoroughfare that affords the principal means of access to five or more lots.

18.04.421 Street, private.

“Private street” is a paved vehicular access to five or more lots or units over a common parcel or consecutive easements, primarily used by the owners or occupants of the common parcel or consecutive easements and from which the public may be excluded and which are not maintained by a public agency.

Exhibit D

Section 18.50.200 of the Morgan Hill Municipal Code is *amended* to read as follows:

Chapter 18.50 OFF-STREET PARKING AND PAVING STANDARDS

18.50.200 Tandem parking spaces.

Tandem parking spaces will not be acceptable as required spaces except in the *R-1 4,000*, R-2, R-3, R-4, *and CC-R* districts and only in an enclosed garage. A "tandem parking space" is a parking space so located that it is necessary to move one or more other vehicles in order to allow the vehicle occupying the tandem space to gain access to or from such space. *A driveway apron shall be provided in front of the covered parking spaces which shall measure a minimum 10 feet in width and 20 feet in depth.* (Ord. 1743 N.S. § 2, 2005; Ord. 1415 N.S. § 30, 1998; Ord. 559 N.S. § A (part), 1981)

Exhibit E

The following sections of Chapter 18.55 of the Morgan Hill Municipal Code are *amended* to read as follows:

Chapter 18.55 SECONDARY DWELLING UNITS

18.55.020 Applicability.

Secondary dwelling units shall only be allowed in the following zones:

- A. O-S District: on lots of five acres (net) or more;
- B. CC-R: on lots of 6,000 square feet or more;**
- C. R-2 (3,500) on lots of 5,000 square feet or more;**
- D. R-1 (4,000): on lots of 4,000 square feet or more;**
- E. R-1 (7,000): on lots of ~~7,000~~ seven thousand square feet or more;
- F. R-1 (9,000): on lots of ~~9,000~~ nine thousand square feet or more;
- G. R-1 (12,000): on lots of ~~12,000~~ twelve thousand square feet or more;
- H. R-1 (20,000): on lots of ~~20,000~~ twenty thousand square feet or more;
- I. R-E (40,000): on lots of ~~40,000~~ forty thousand square feet or more;
- J. R-E (100,000): on lots of ~~100,000~~ one hundred thousand square feet or more.

(Ord. 1135 § 59, 1993; Ord. 908 § 1, 1989; Ord. 884 § 3 (part), 1988)

18.55.030 Development standards for new secondary dwelling units. (Ord. 1789 N.S. § 2 (part), 2006)

Secondary dwelling units shall be subject to the same requirements as any dwelling located on the same parcel in the same zoning district, with the following differences:

- A. Number of Secondary Dwelling Units. One secondary dwelling unit is permitted for each appropriately zoned parcel that contains single-family dwelling.
- B. Minimum Lot Area Per *Primary* Dwelling Unit. The minimum lot area per *primary* dwelling unit required by the applicable district shall apply, except as required by the Hillside Combining District *or Section 18.55.020 of this Chapter* whichever is larger.

- C. Maximum Unit Size. No portion of an attached secondary dwelling unit shall occupy more than thirty percent of the existing living area of the primary dwelling.

The total floor area of an attached or detached secondary dwelling unit shall not exceed the following:

- 1. In the **CC-R, R-2(3,500), R-1 (4,000)**, R-1 (7,000), R-1 (9,000) and R-1 (12,000) districts: six hundred forty square feet;
- 2. In the R-1 (20,000) districts: seven hundred fifty square feet;
- 3. In the R-E (40,000) district: nine hundred square feet;
- 4. In the R-E (100,000) and O-S districts: one thousand square feet.
- D. Relationship to Primary Dwelling Unit. Secondary dwelling units may be either detached from, or attached to the primary dwelling unit on the property. A detached unit must conform to the building setback and *FAR or* lot coverage limitations contained in the applicable zoning district and *if detached*, shall be setback a minimum of six feet from the primary dwelling unit.

E. Required Off-Street Automobile Parking Spaces. There shall be provided at time of establishment of a secondary dwelling unit, a minimum of one space for a studio or one bedroom secondary unit and a minimum of two spaces for secondary dwelling unit containing two bedrooms, in addition to those required for the primary dwelling unit. Off-street parking spaces for the secondary dwelling unit may be uncovered, but shall conform to all other applicable requirements contained in Chapter 18.50. Off-street parking for a secondary dwelling may be located within the front, side or rear yard areas. ~~provided that the parking spaces are setback a minimum of five feet from any interior lot line and fifteen feet from any side property line on the street side of a corner lot.~~

F. Design.

1. The design of the secondary dwelling unit shall be compatible with the design and scale of the existing dwelling (using substantially the same landscaping, color, materials and design on the exterior) and the general character of the neighboring residential properties.

G. Septic Tank Disposal System. Detached secondary dwelling units shall provide separate and independent septic tank sewage disposal systems. All leach lines shall be designed and installed in accordance with Bulletin A, "Septic Tank Sewage Disposal System," or other current septic system requirements issued by the Santa Clara County Environmental Health Services. This provision shall only apply in areas of the city where septic tank disposal systems are allowed due to lack of sanitary sewer lines. In other areas of the city, the second unit shall be connected to the sanitary sewer system through the existing lateral line serving the primary dwelling unit.

H. Maximum Number of Bedrooms. No more than two bedrooms may be constructed in a secondary dwelling unit. (Ord. 1789 N.S. § 2 (part), 2006; Ord. 1343 N.S. §§ 5, 6 & 7, 1997; Ord. 1135 N.S. §§ 58, 60, 61, 62, 63, 64 & 65, 1993; Ord. 958 N.S. § 1, 1989; Ord. 908 N.S. §§ 6, 7, 1989; Ord. 884-A § 1, 1989; Ord. 884 § 3 (part), 1988)

Exhibit F

Section 18.57.030 of the Morgan Hill Municipal Code is *amended* to read as follows:

CHAPTER 18.57 EXCEPTIONS

18.57.030 Exceptions to required setbacks.

A. The following are exceptions to the setback requirements set forth elsewhere in Division I of this title for structures within the required setback area:

1. Cornices, awnings, eaves, wing walls or other similar architectural features may project into the required setback a distance not to exceed three feet.
2. Canopies or similar architectural features within any non-residential zoning district are permitted within the required setback area provided that they do not project more than two-thirds the distance of the required setback from the property line or public right-of-way and in no case be setback less than five feet.
3. Porches, second story stairways and landings leading to a second story may project a distance not to exceed five *seven* feet and in no case be setback less than five feet.
4. Bay windows and chimneys may project into the required setback a distance not exceeding three feet, provided that such features do not occupy, in the aggregate, more than one-third of the length of the building wall on which they are located.
5. Equipment or structures enclosing such equipment which are attached to the main building or accessory structure (e.g., solar panels and water storage tanks, heating, and air conditioning equipment, or similar mechanical equipment), shall not encroach more than fifty percent into a rear or side yard area. The fifty percent encroachment limitation can be waived if all other applicable code requirements can be met and the encroachment would not adversely affect the adjoining property. The Community Development Director shall approve of any encroachment prior to the issuance of a permit.

RESOLUTION NO.

**A RESOLUTION OF THE PLANNING COMMISSION OF
THE CITY OF MORGAN HILL APPROVING A GENERAL
PLAN TEXT AMENDMENT TO INCORPORATE HIGH-
DENSITY SINGLE FAMILY AS A RESIDENTIAL LAND
USE DESIGNATION INTO THE GENERAL PLAN TEXT.**

WHEREAS, such request was considered by the Planning Commission at their regular meeting of May 25, June 9, June 19 and July 14, 2009, at which time the Planning Commission approved GPA-09-02: City of Morgan Hill- City of Morgan Hill-high density single family zoning text; and

WHEREAS, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES
RESOLVE AS FOLLOWS:**

SECTION 1. The General Plan text amendment is consistent with the provisions of the General Plan, specifically carrying out General Plan Goal 2 policy d, Goal 6 policy b, and Goal 7 policies b, g-j.

SECTION 2. Pursuant to CEQA section 15061(b)(3) the text amendments recommended within this resolution will not result in an activity requiring a permit or a physical change in the environment and therefore do not constitute a project.

SECTION 3. The General Plan shall be amended as identified in the attached Exhibit "A", and by this reference incorporated herein.

**PASSED AND ADOPTED THIS 14th DAY OF JULY 2009, AT A REGULAR MEETING
OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:**

**AYES: COMMISSIONERS:
NOES: COMMISSIONERS:
ABSTAIN: COMMISSIONERS:
ABSENT: COMMISSIONERS:**

ATTEST:

APPROVED:

ELAINE BUCK, Deputy City Clerk

WAYNE TANDA, Chair

Exhibit A

AMENDMENT TO THE COMMUNITY DEVELOPMENT CHAPTER OF THE 2001 CITY OF MORGAN HILL GENERAL PLAN

1. Page 16, the existing definition of the Density shall be amended as follows:

Density refers to the number of dwelling units allowed per gross net acre of land, prior to dedications for streets and other improvements). *In determining net lot area the following shall not be included: 1. Any land within the limits of a street (public or private) upon which the lot abuts, even if fee title to such street is held by the owner. 2. Public easements or private easements other than streets which are in excess of fifteen percent of the net site area of the lot.* Intensity of land use is expressed in two ways – type of use and building mass – both of which are described broadly in Table 2. The types of land uses allowed in each designation are described here in general terms; the Zoning Ordinance provides detailed lists of specific allowable uses. In addition to the primary land uses appropriate in each designation, the Zoning Ordinance may allow secondary uses that are related to and compatible with the primary uses.

2. Table 2 on page 16 shall be amended to include the new Single Family High land use and prescribe a density range for the Single Family High lands use designation. The amended table (added text shown in bold italic) shall appear as follows:

Table 2 <i>Urban Land Use Designations</i>						
Land Use Designations	Acres	Primary Uses	Density Range	Minimum Lot Area	Maximum Building Coverage/ Floor Area Ratio	Maximum Building Height
Residential Estate	1,216	Detached homes	<1 unit/acre	40,000 sf	30%	30 feet
Single Family Low	1,279	Detached homes	1-3 units/acre	12,000 sf	40%	30 feet
Single Family Medium	1,801	Detached homes	3-5 6 units/acre	7,000 sf	50%	30 feet
<i>Single Family High</i>	<i>0</i>	<i>Detached homes</i>	<i>5-11 units/acre</i>	<i>4,000 sf</i>	<i>50% Floor Area Ratio</i>	<i>35 feet</i>
Multi-Family Low	531	Detached homes and attached homes	5-14 units/acre	6,000 sf	50%	30 feet
Multi-Family Medium	171	Attached homes	14-21 units/acre	6,000 sf	60%	30 feet
Multi-Family High	7	Attached homes	21-40 units/acre	6,000 sf	60%	48 feet
Commercial	454	Retail, office, services	N/A	20,000 sf	50%	30 feet
Non-Retail Commercial	36	Offices, services	N/A	6,000 sf	50%	35 feet
General Commercial	24	Retail, office, services	N/A	10,000 sf	50%	35 feet
Mixed Use	50	Attach homes mixed with retail, office and services.	8-18 units/acre Opportunity Sites 25-40 units/acre	(Commercial) 10,000 sf (Residential) 6,000 sf	60%	Com. 35 feet Res. 48 feet
Industrial	1,112	Warehouse, offices, manufacturing	N/A	20,000 sf	50%	50 feet
Office Industrial	26	Offices R& D Wholesale	N/A	20,000 sf	50%	50 feet
Campus Industrial	18	High-tech, R & D	N/A	20 acres	20%	35 feet
Public Facilities	253	Publicly owned	N/A	NA	50%	35 feet

3. Page 18 the existing definition of the Single Family Medium shall be amended as follows:

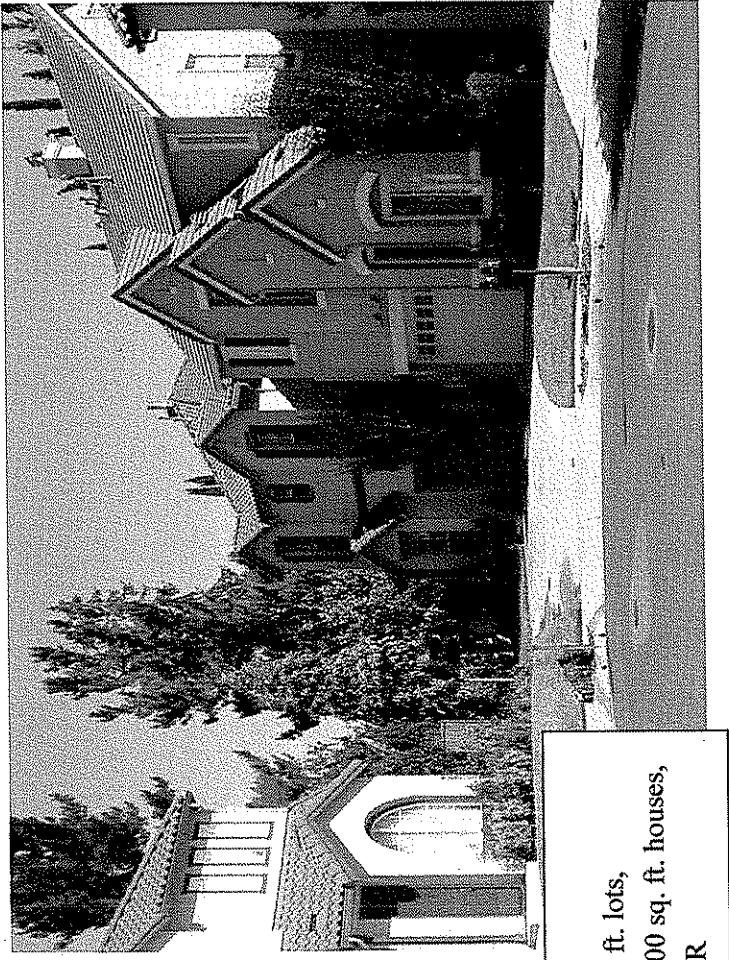
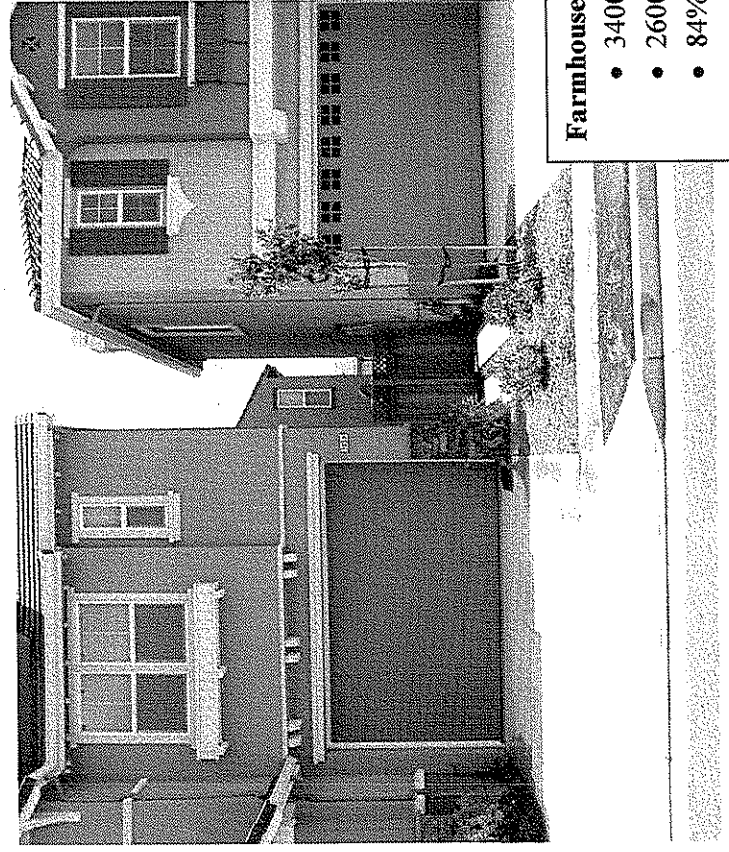
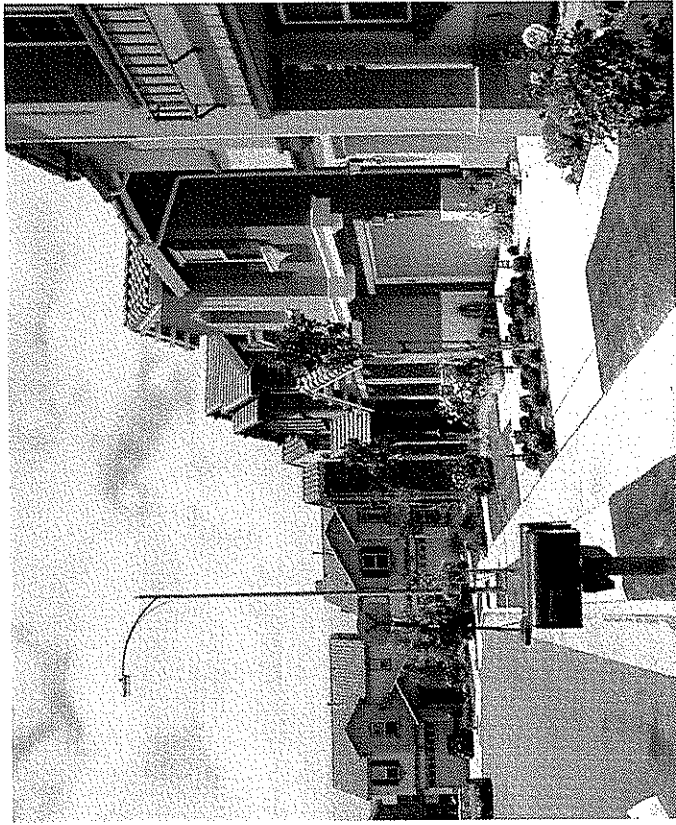
Single Family Medium. Single Family Medium areas totaling 1,801 acres are dispersed throughout the city, often providing a transition from non-residential areas to lower-density neighborhoods. The largest areas with this designation are centered around East Dunne Avenue, and West Main Avenue between US 101 and the railroad. The designation allows as many as ~~five~~ *six* dwelling units per acre.

4. The following paragraph shall be added to the Residential Land Use Designation section (page 18) of the Community Development Chapter of the General Plan.

Single Family High. *The Single Family High land use is meant to accommodate detached single family homes on small lots at a density of 6-11 dwelling units per acre. It is intended to provide a transition between existing and proposed Multi-Family Low and Single Family Medium development.*

San Jose Locations

- **Farmhouse Ct.**
- **Coastland Ave.**
- **Padres Dr.**
- **Dahlia Loop**
- **Burdick Lane**
- **Mosher Dr.**
- **Basking Ridge Ave.**



Farmhouse Ct:

- 3400 sq. ft. lots,
- 2600-2900 sq. ft. houses,
- 84% FAR

R.O.S. 479/28



BOOK 687

R.O.S. 440 / 19 THRU 31

BLOSSOM HILL ROAD

R.O.S. 229/38

TRACT NO. 9279

R.O.S. 113/47

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Compiled under R. & T. Code, Sec. 327.
Effective Roll Year 2006-2007

GLENBURY WAY

TRACT NO. 5733

(44)

COONEY

PLACE

COONEY CT.

BLAIRBURY WAY

DUNSBURY WAY

DUNSBURY CT.

DUNSBURY CT.

COONEY CT.

FARMHOUSE COURT

TRACT NO. 9279

R.O.S. 229/38

R.O.S. 479/28

R.O.S. 440 / 19 THRU 31

R.O.S. 113/47

R.O.S. 229/38

R.O.S. 479/28

R.O.S. 440 / 19 THRU 31

R.O.S. 113/47

R.O.S. 229/38

R.O.S. 479/28

R.O.S. 440 / 19 THRU 31

R.O.S. 113/47

R.O.S. 229/38

R.O.S. 479/28

R.O.S. 440 / 19 THRU 31

R.O.S. 113/47

R.O.S. 229/38

R.O.S. 479/28

R.O.S. 440 / 19 THRU 31

R.O.S. 113/47

R.O.S. 229/38

R.O.S. 479/28

R.O.S. 440 / 19 THRU 31

R.O.S. 113/47

R.O.S. 229/38

R.O.S. 479/28

R.O.S. 440 / 19 THRU 31

R.O.S. 113/47

R.O.S. 229/38

R.O.S. 479/28

R.O.S. 440 / 19 THRU 31

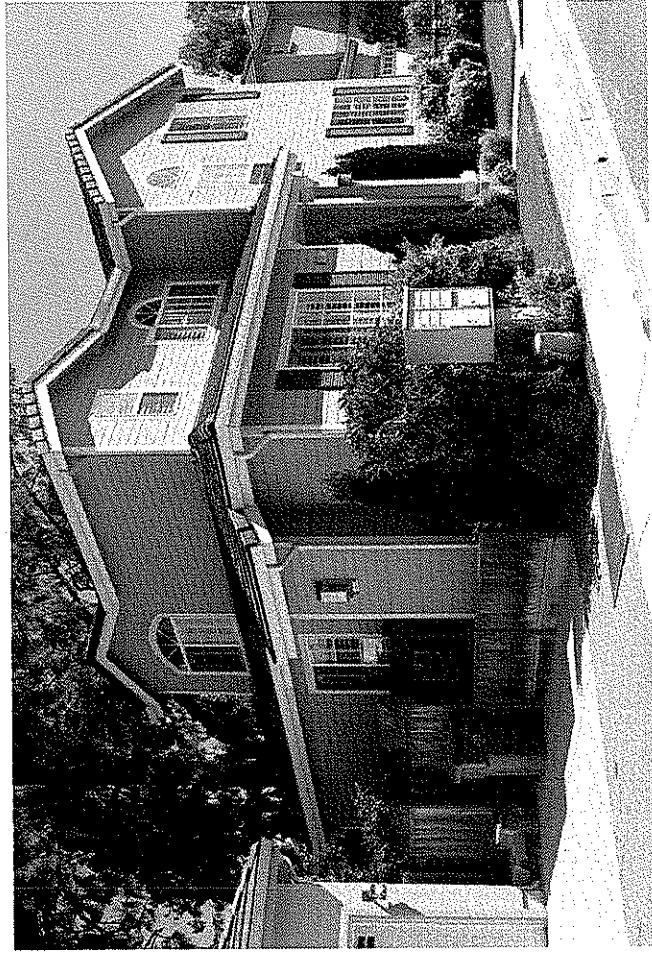
R.O.S. 113/47

R.O.S. 229/38

R.O.S. 479/28

R.O.S. 440 / 19 THRU 31

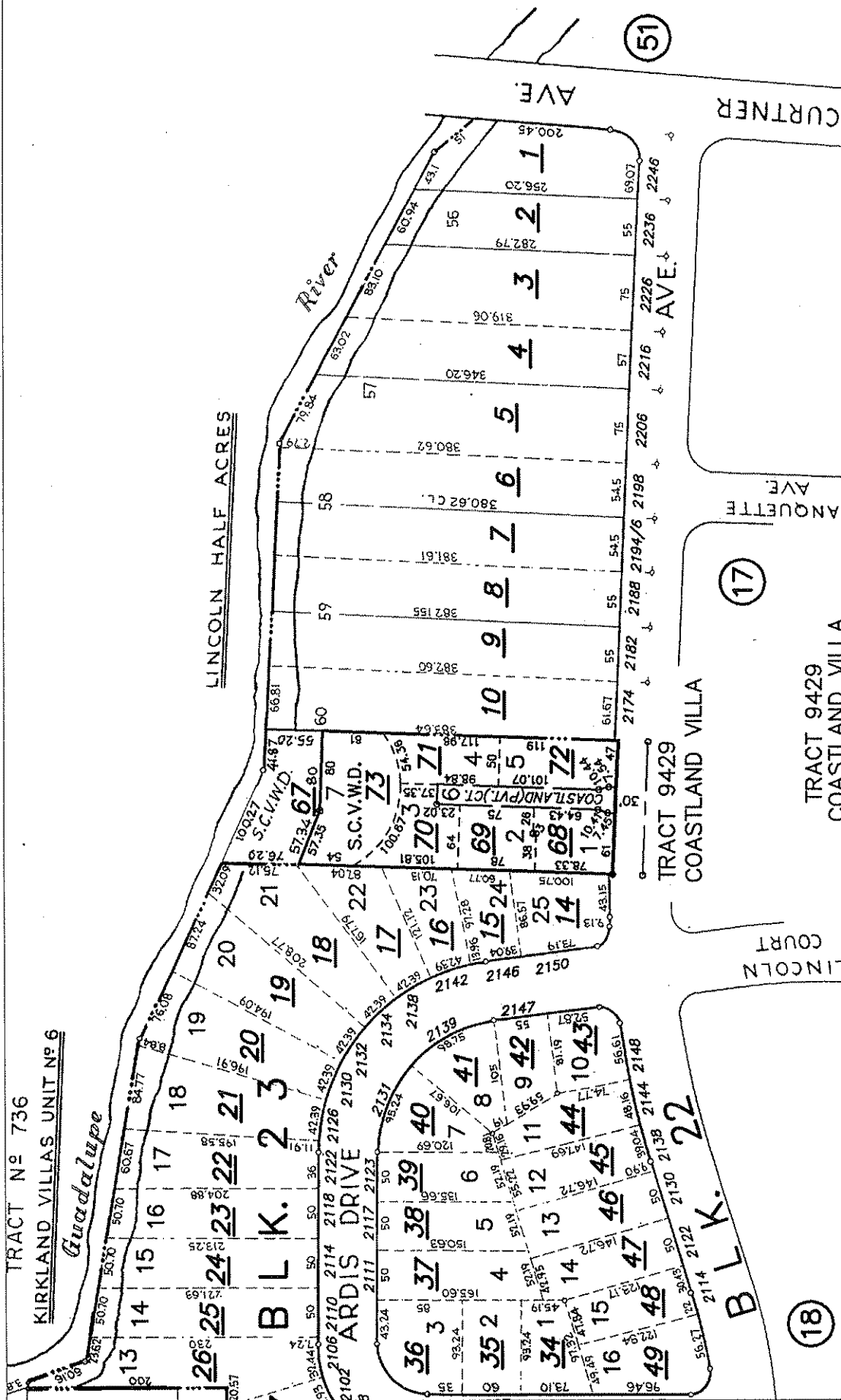
R.O.S. 113/47



Coastland Ave:

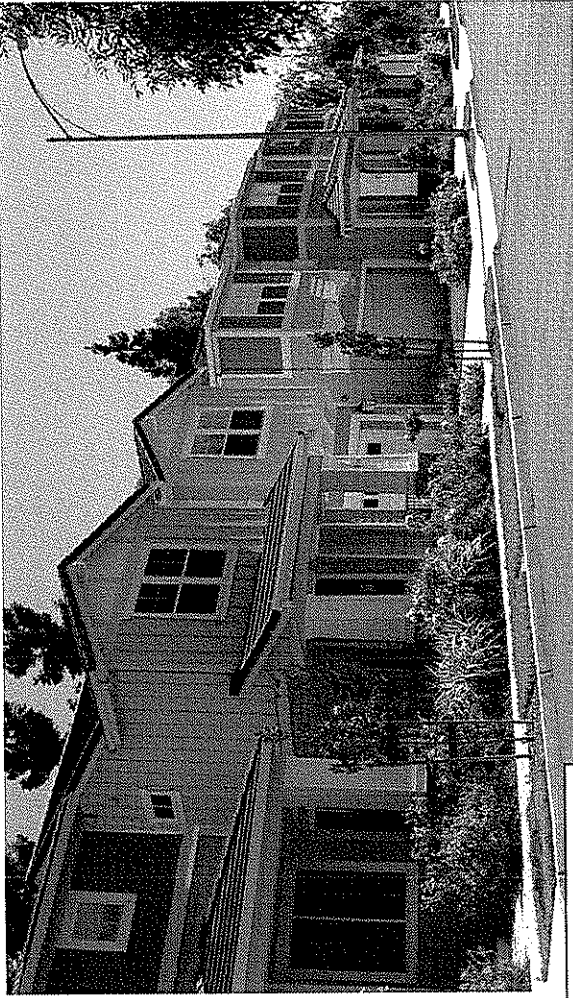
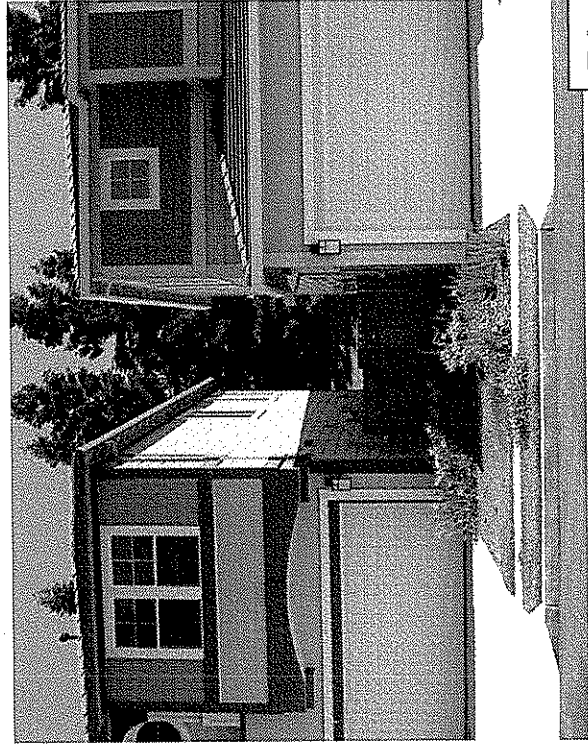
- 4792 sq. ft. lots
- 2700 sq. ft. houses
- 57% FAR

TRACT N^o 736
KIRKLAND VILLAS UNIT N^o 6



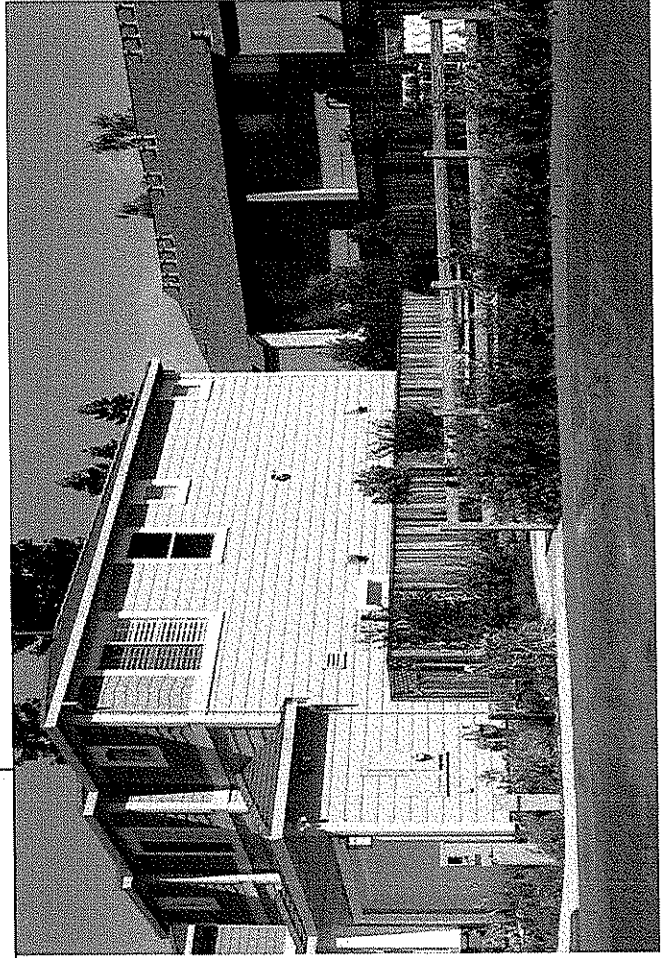
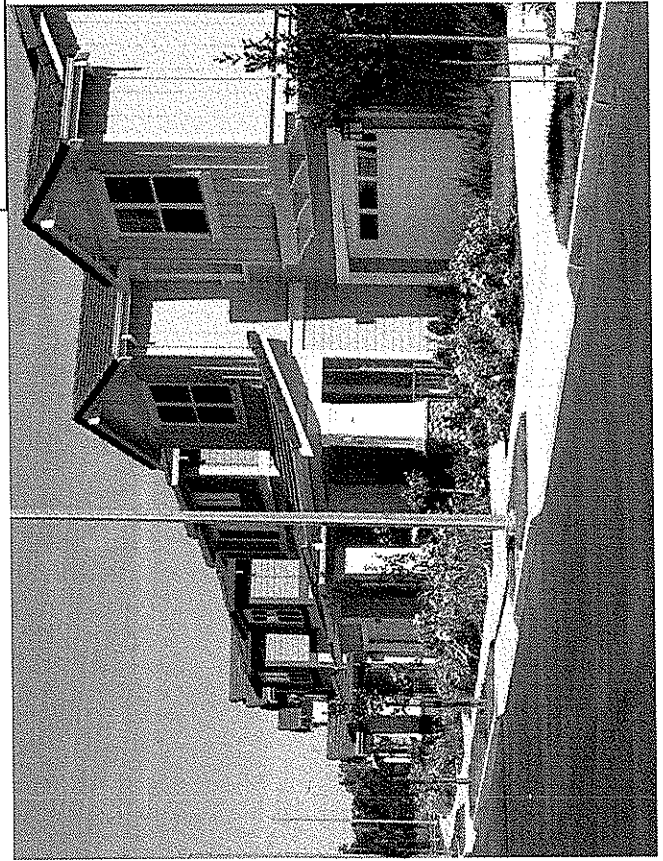
LOT NO.	AREA(SF)	ADDRESS
1	5071.11	2162 COASTLAND AVE.
2	4914	821 COASTLAND CT.
3	5631.80	815 COASTLAND CT.
4	5273.74	818 COASTLAND CT.
5	5901.62	2168 COASTLAND AVE.
7	5631.80	

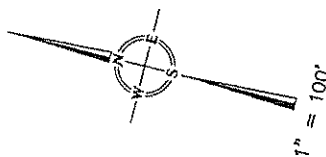
TRA DET. MAP 116
LAWRENCE E. STONE
Cadastral map for assess
Compiled under R. & T
Effective Roll Year 20



Falcon Place:

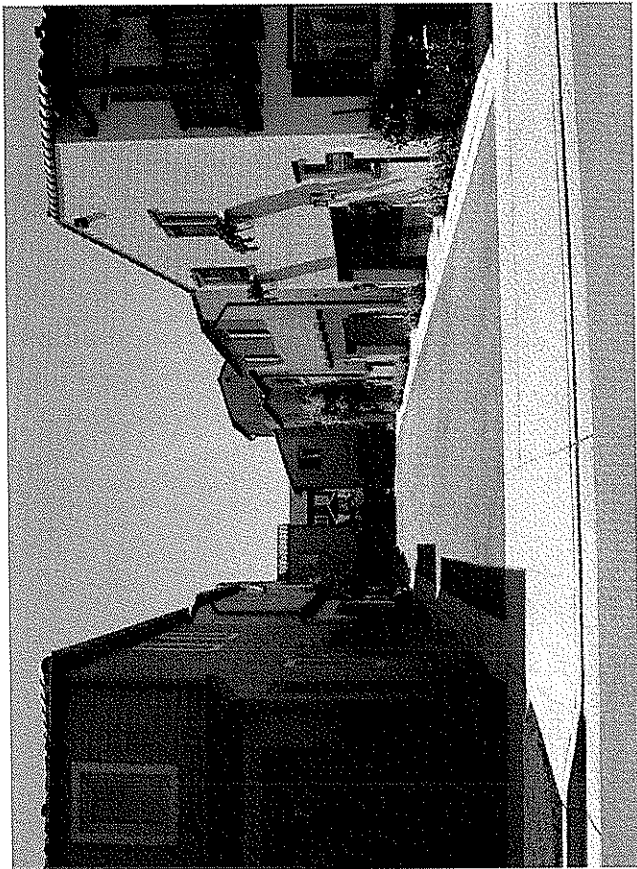
- 3000 sq. ft. lots
- 2,600 sq. ft. houses
- 86 % FAR





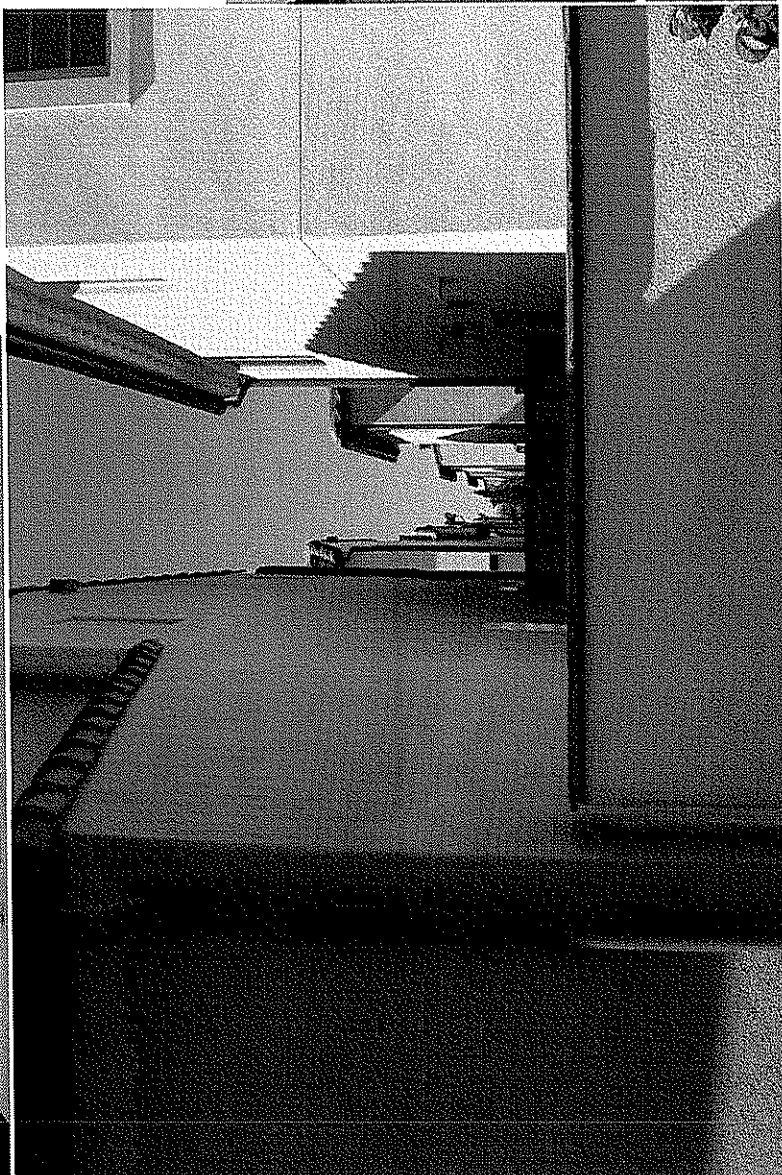
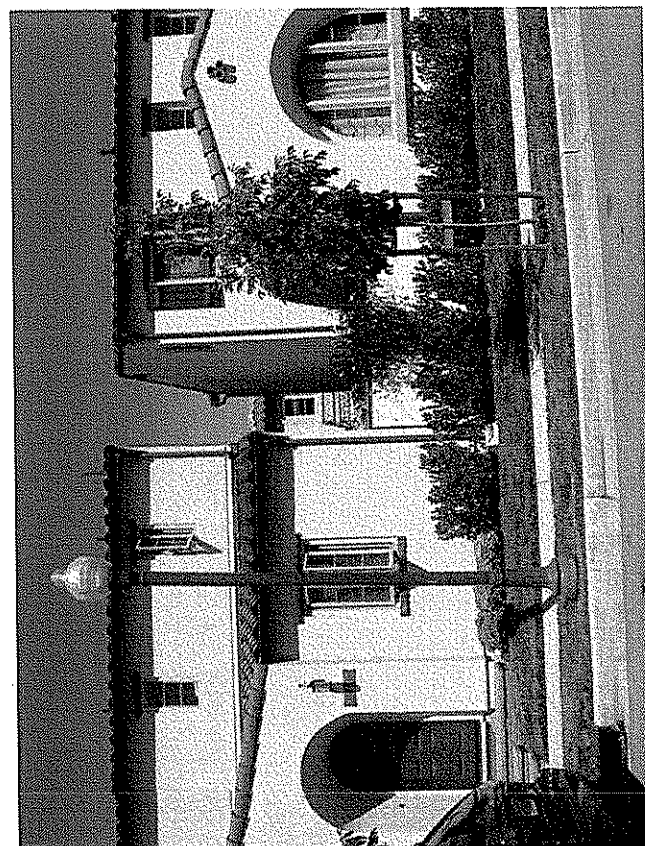
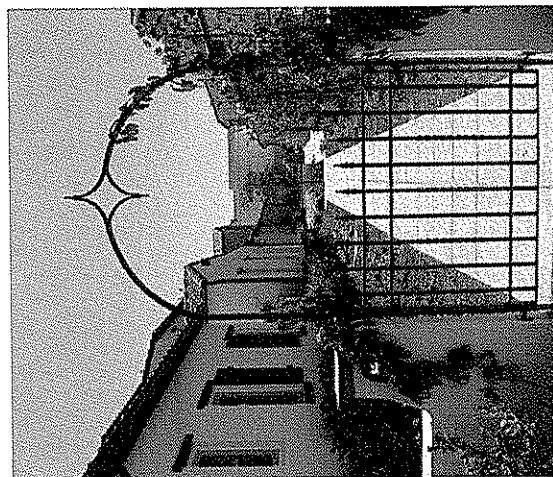
TRACT NO. 9862
FALCON PLACE
814-M-17

TRA DET. MAP 116
LAWRENCE E. STONE -- ASSESSOR
Cadastral map for assessment purposes only.
Compiled under R. & T. Code, Sec. 327.
Effective Roll Year 2008--2009



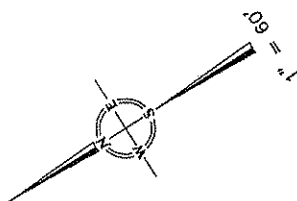
Dahlia Loop:

- 1850 sq. ft. lots,
- 1650 sq. ft. houses
- 87% FAR

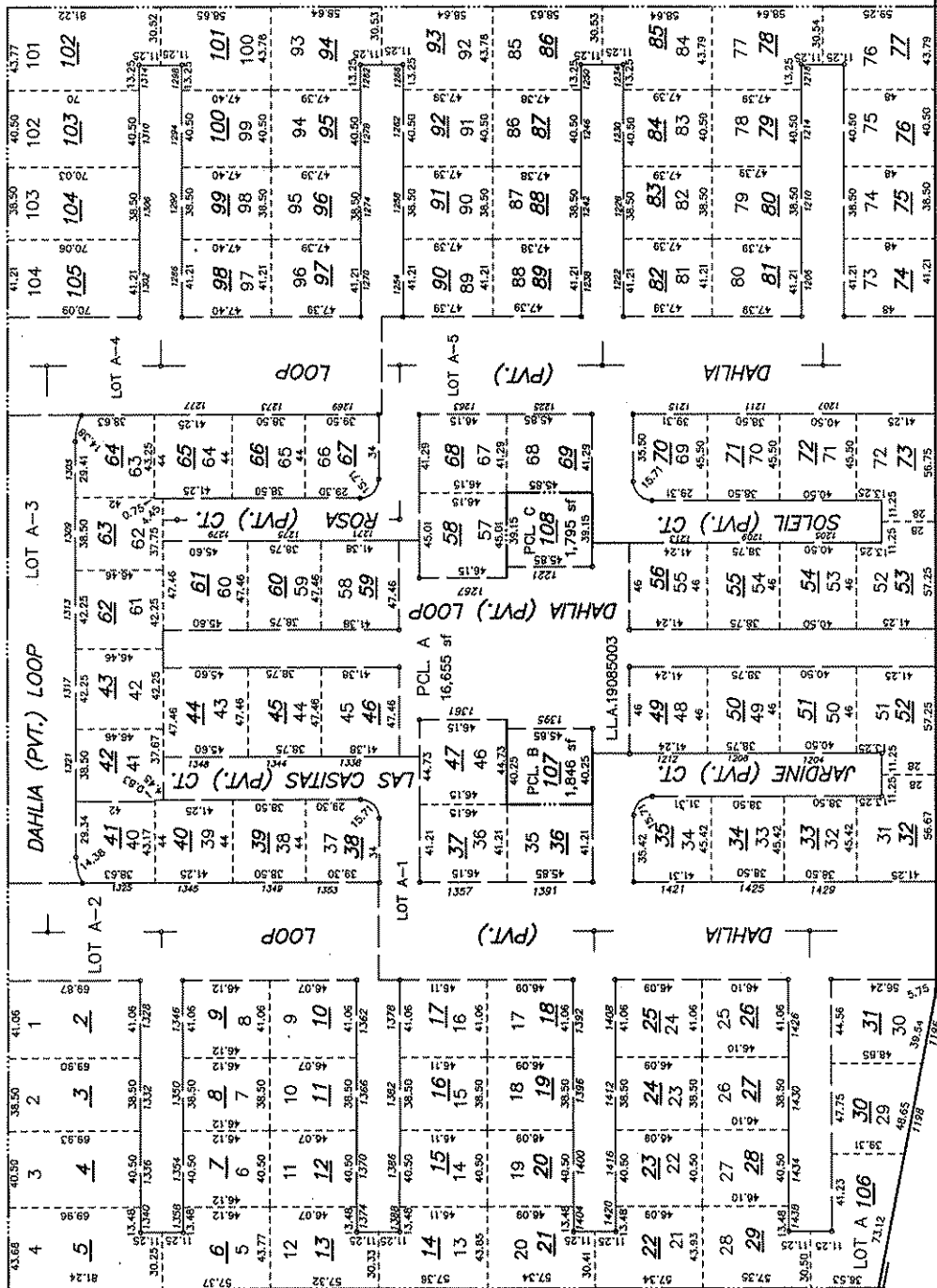


TRACT 9749

(14)



(14)



DAHLIA (PVT.) LOOP

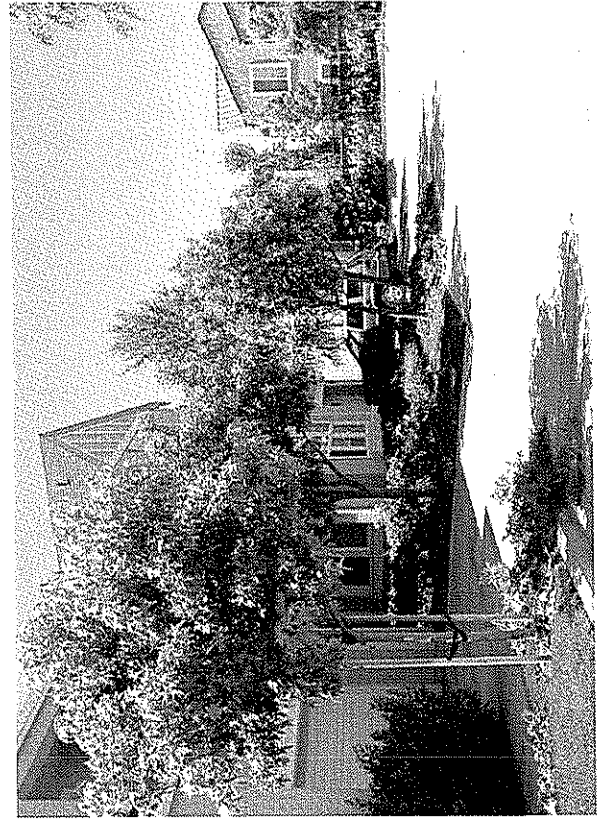
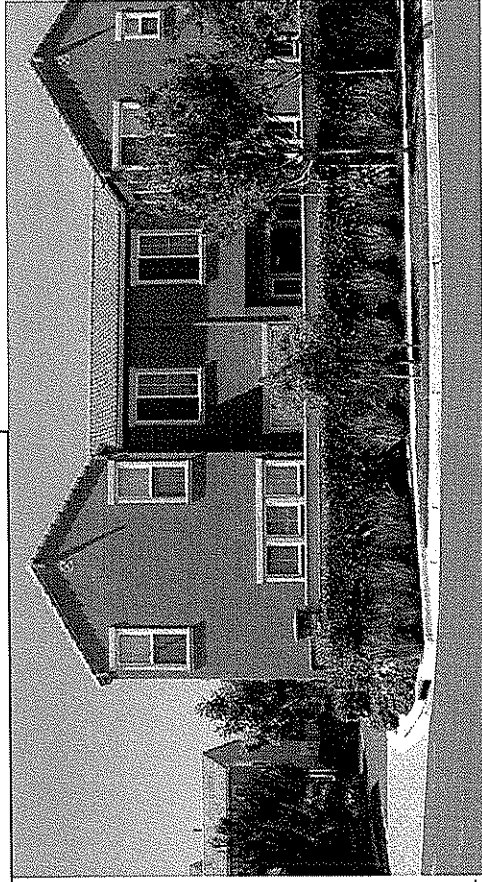
CAMPBELL AVE.

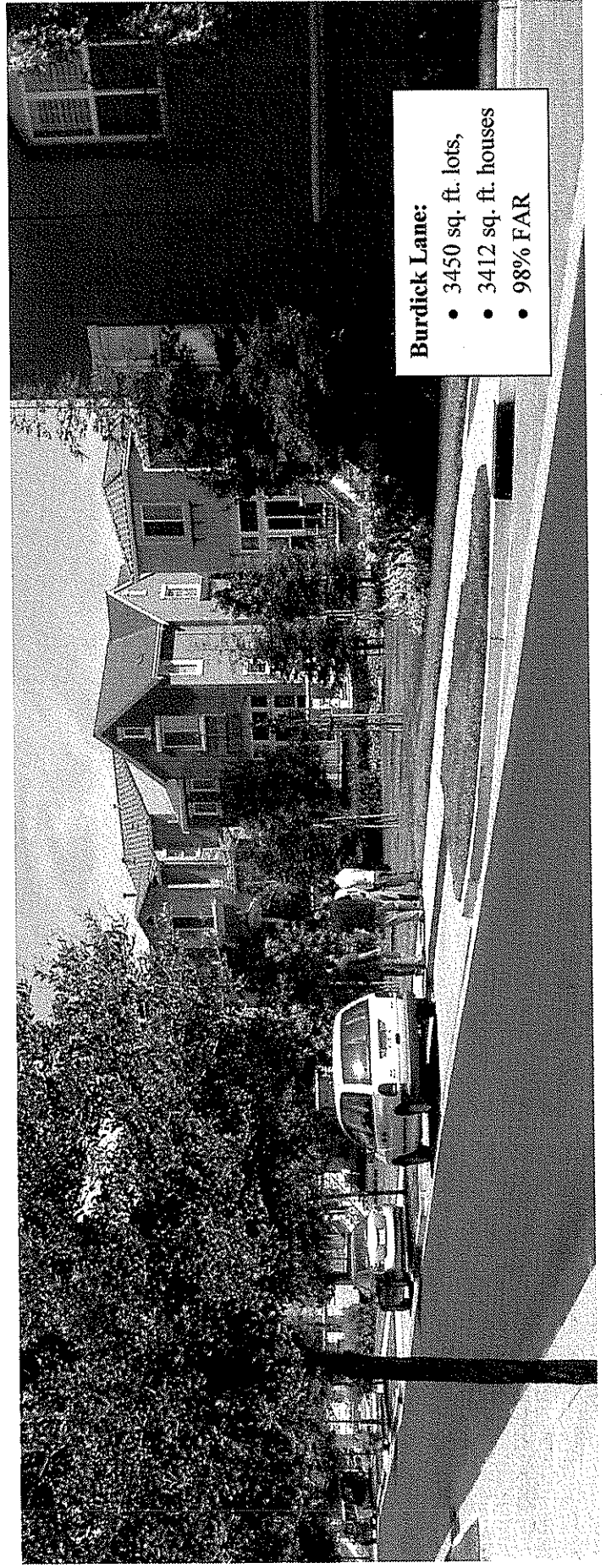
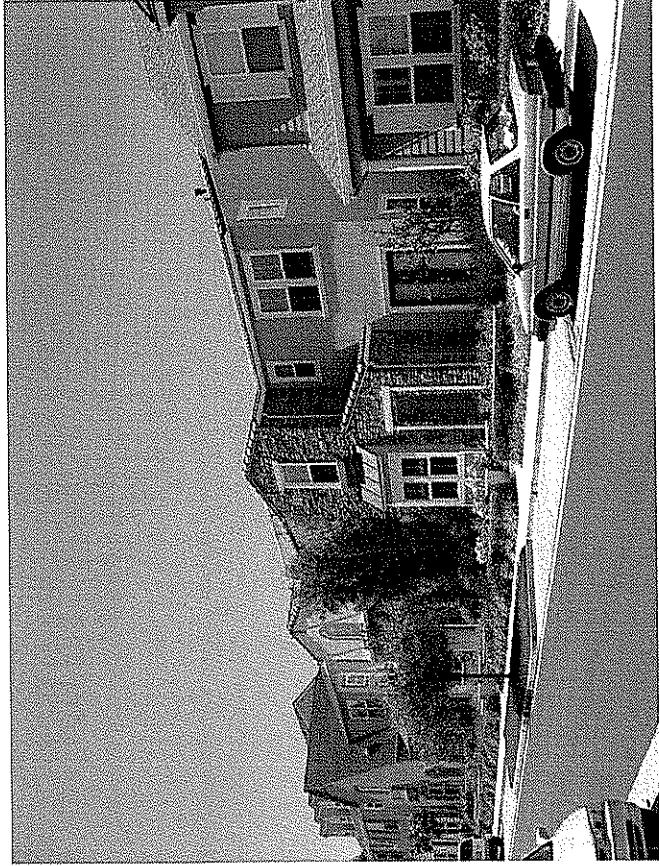
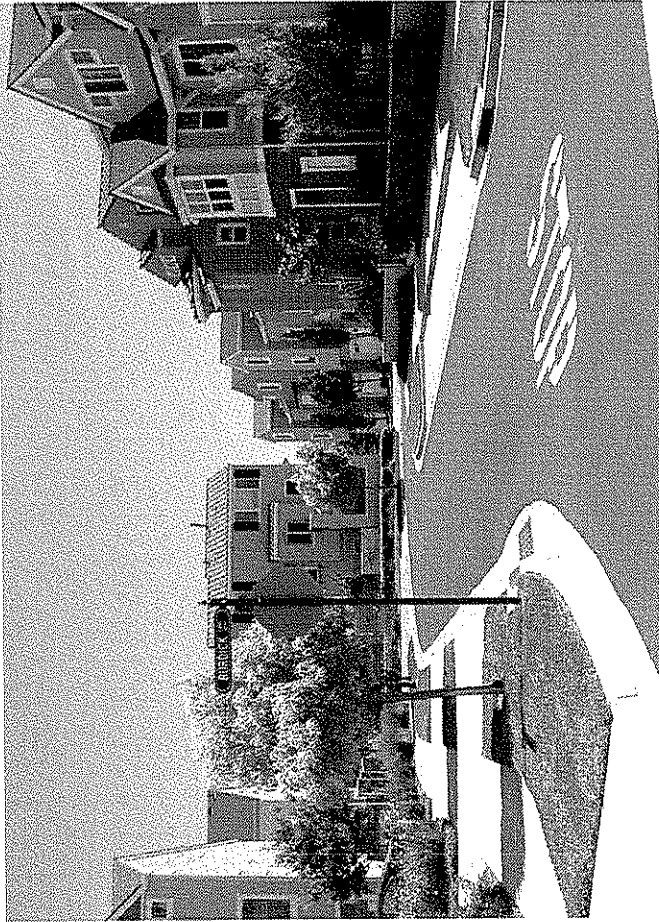
(15)



Burdick Lane:

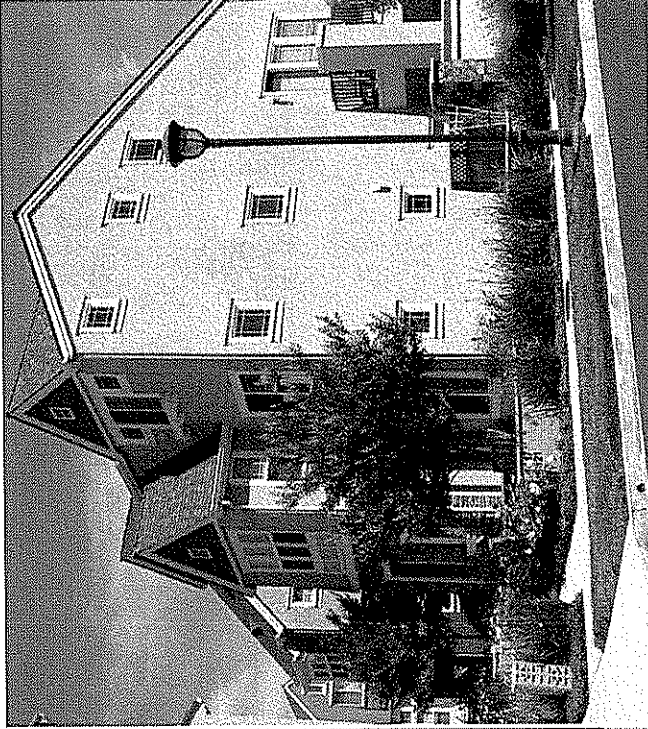
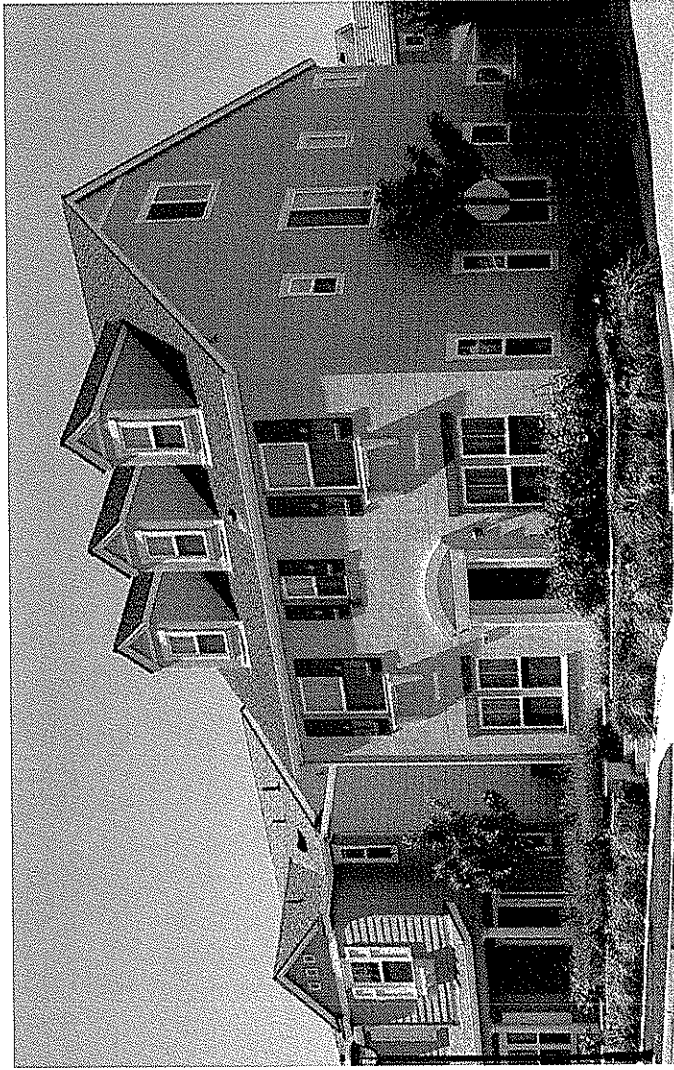
- 3450 sq. ft. lots,
- 3412 sq. ft. houses
- 98% FAR





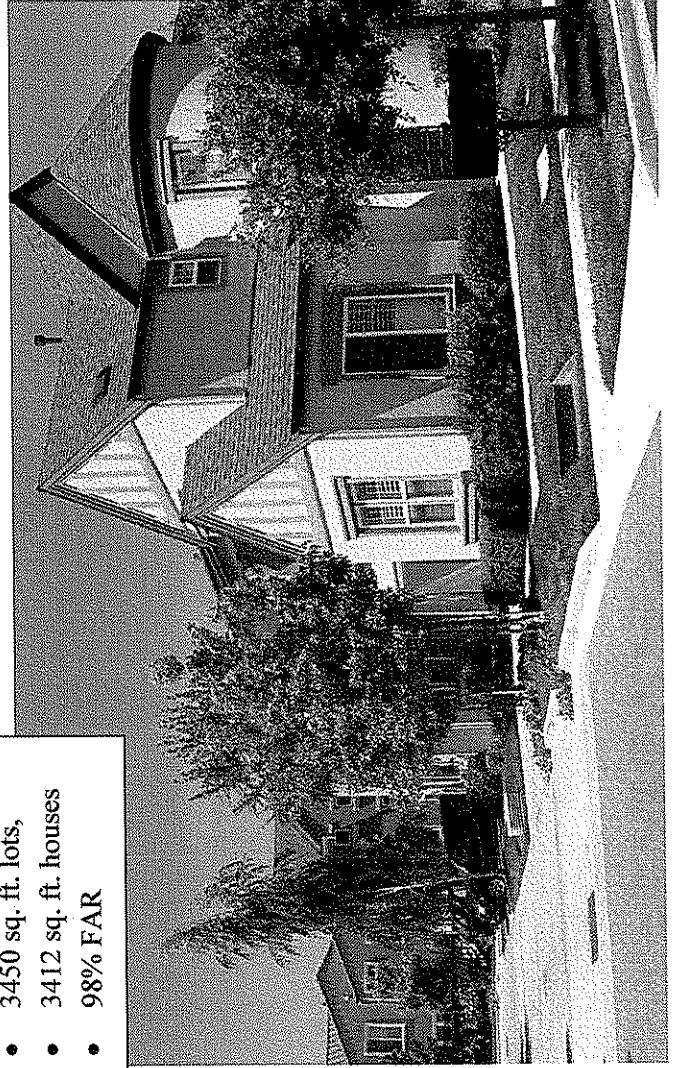
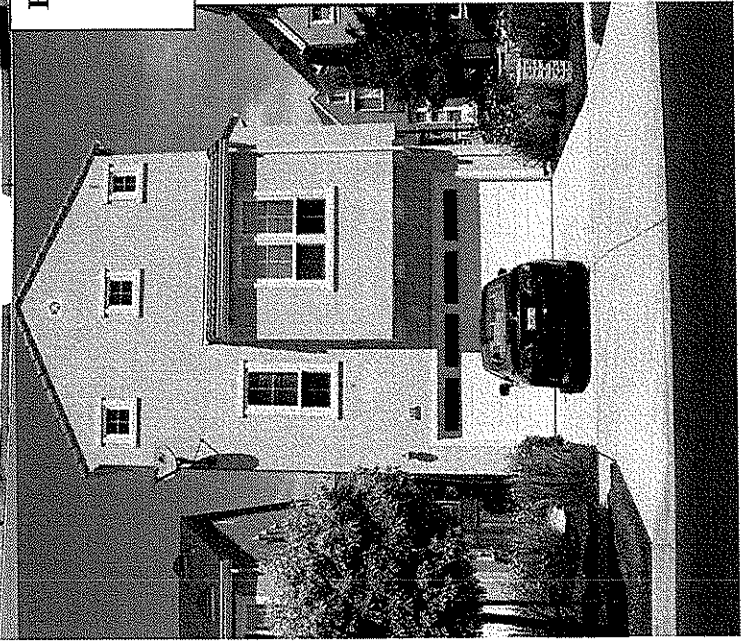
Burdick Lane:

- 3450 sq. ft. lots,
- 3412 sq. ft. houses
- 98% FAR



Burdick Lane:

- 3450 sq. ft. lots,
- 3412 sq. ft. houses
- 98% FAR



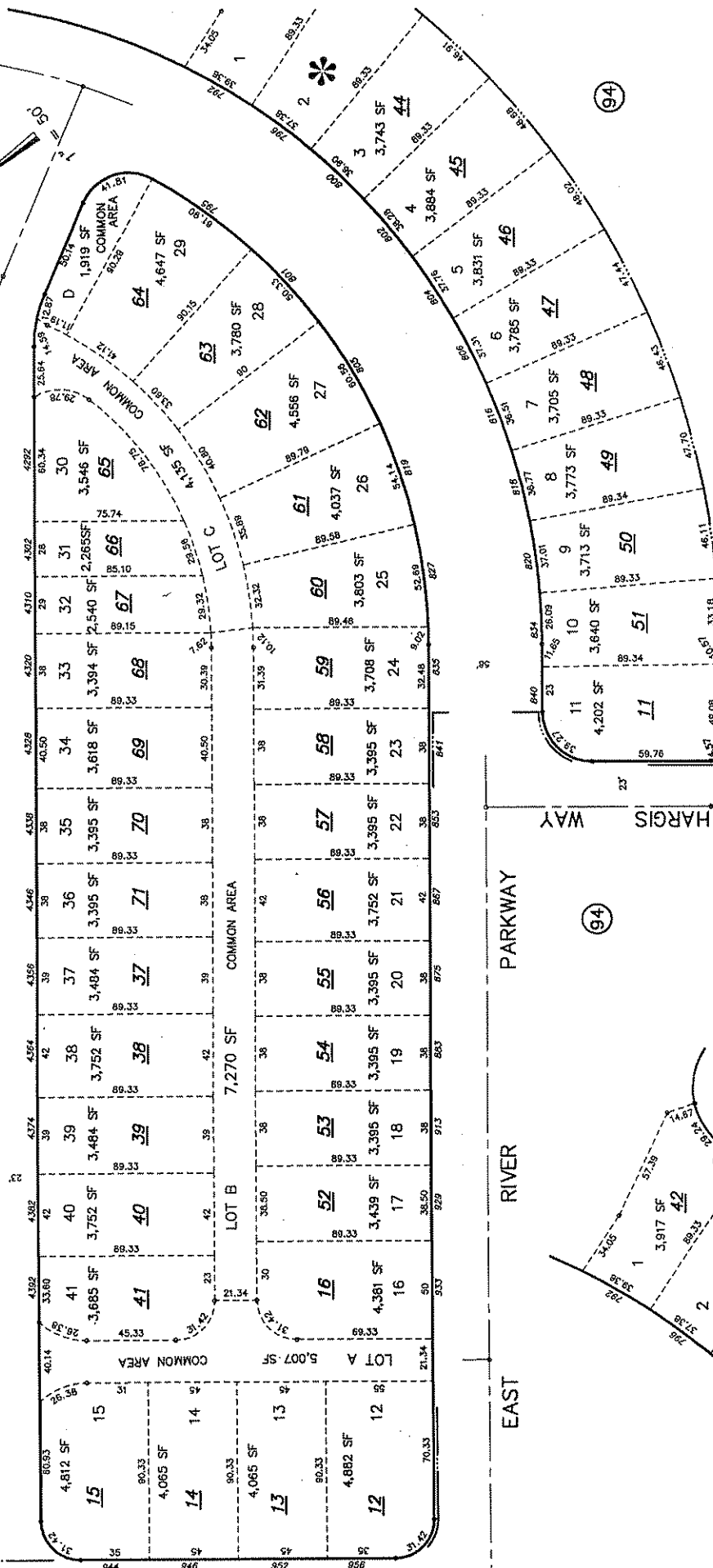
WATSON
CIRCLE

TRACT NO.9418

(96)

AMENDED TRACT NO.9418

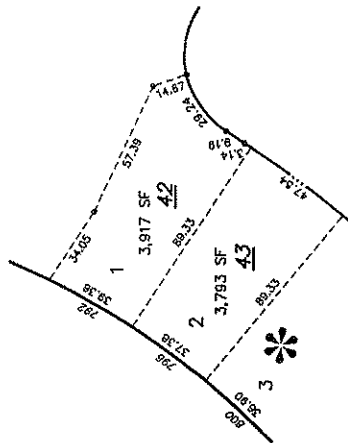
BURDICK LANE



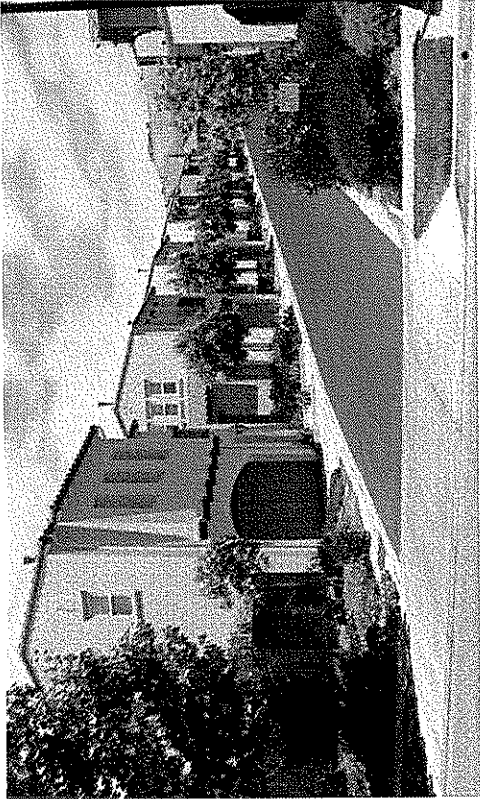
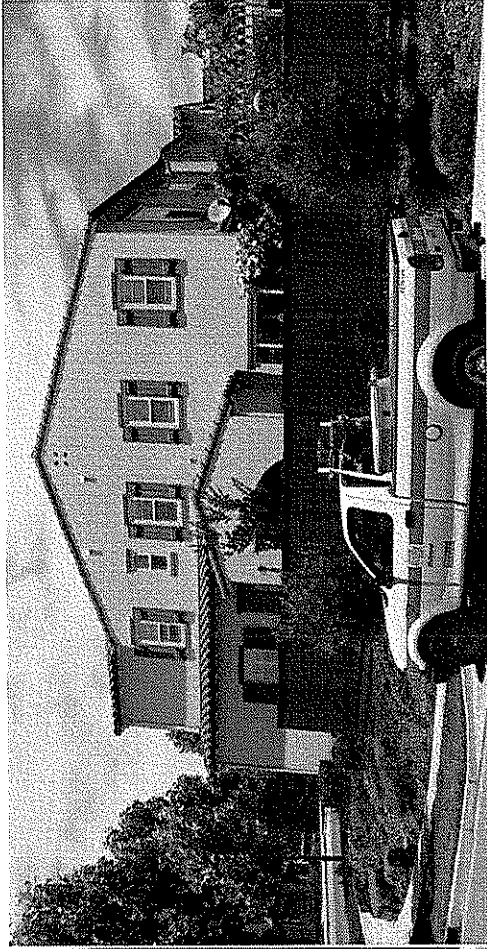
HARGIS WAY

EAST RIVER PARKWAY

(94)

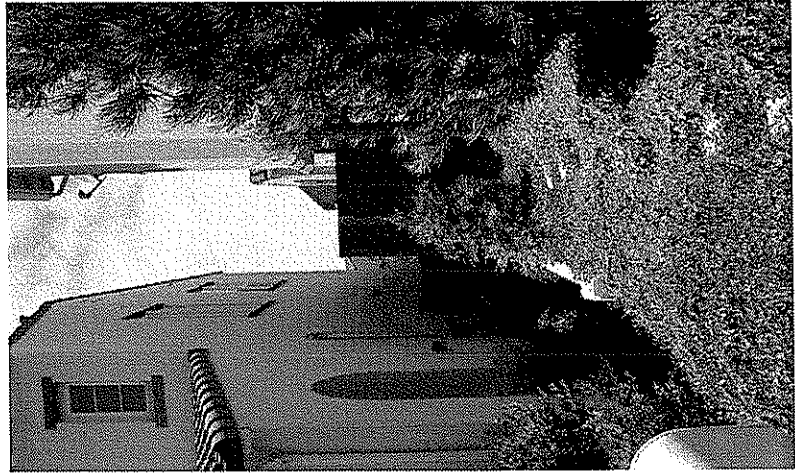
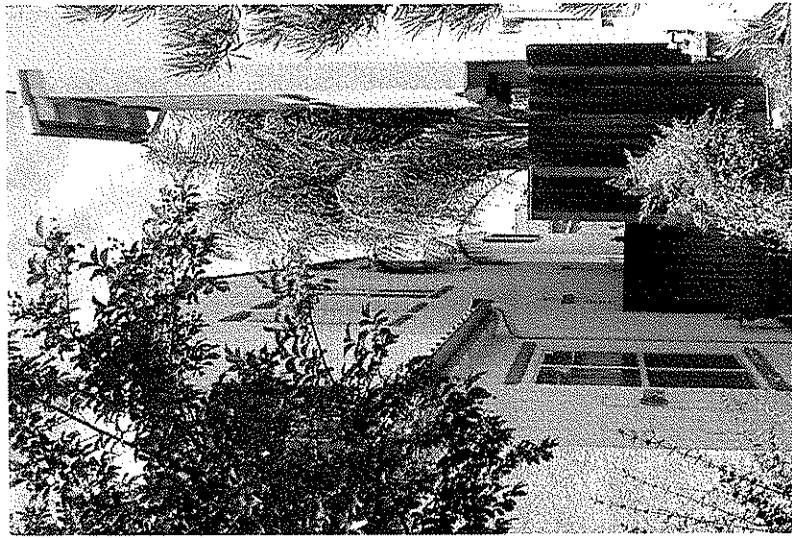


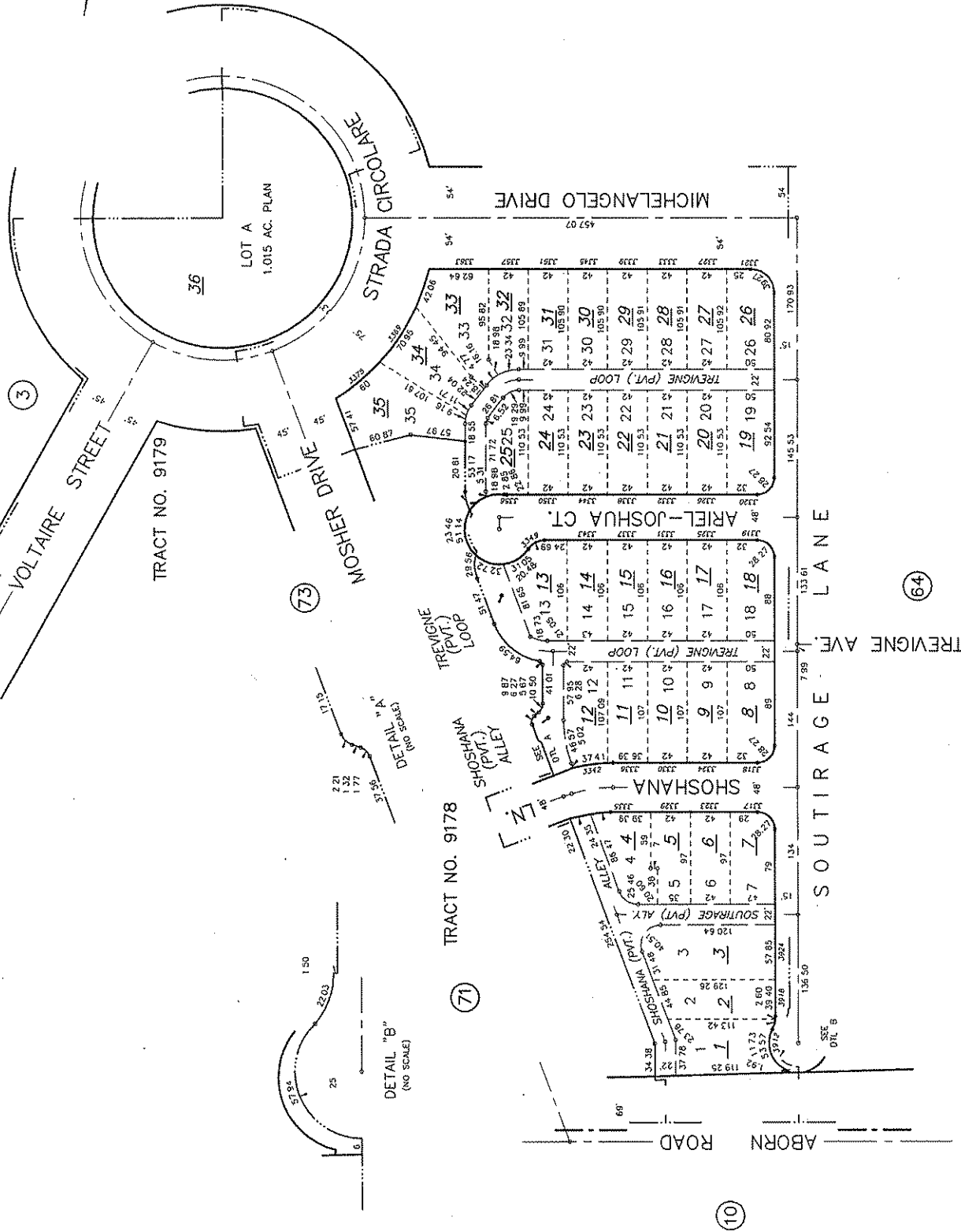
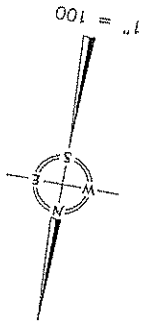
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Effective Roll Year 2005-2006

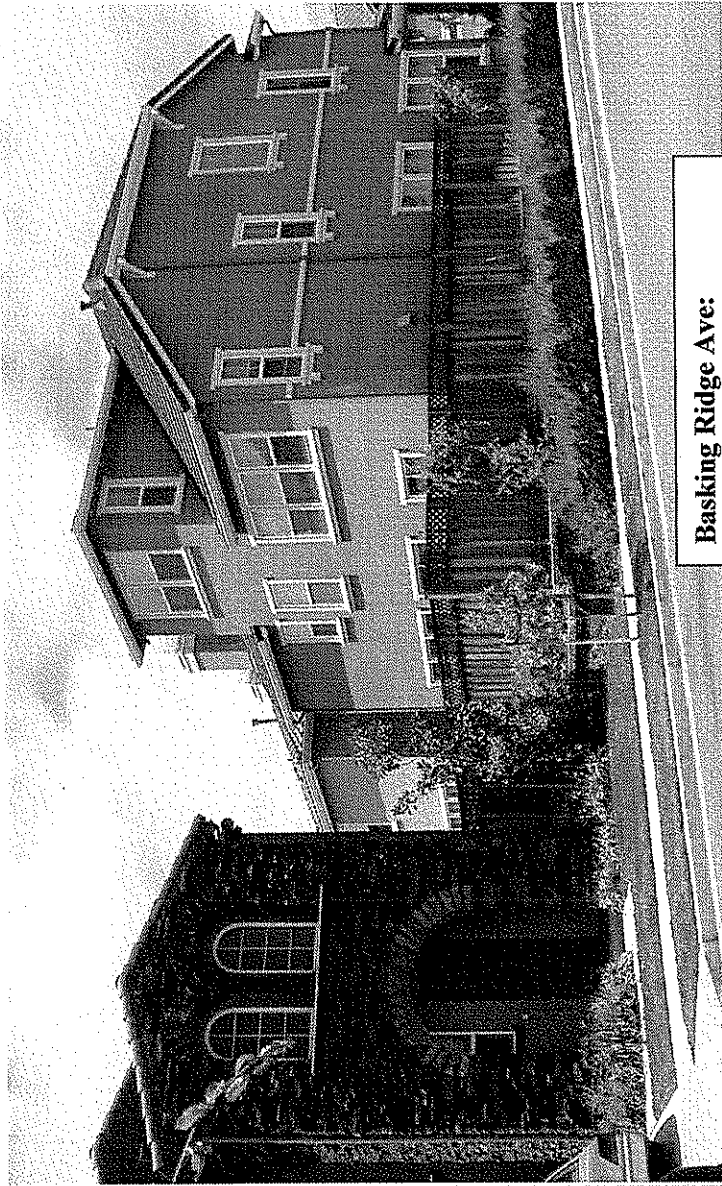
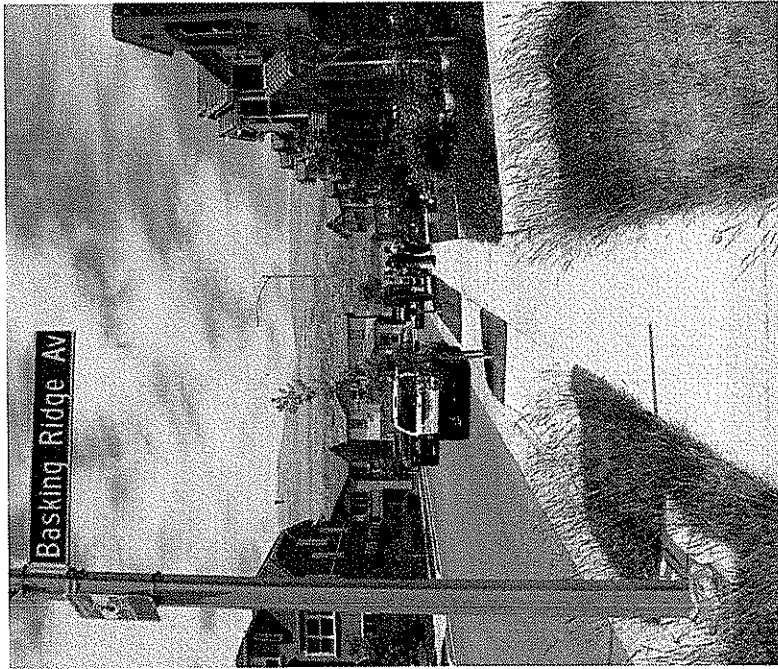


Mosher Dr:

- 4000 sq. ft. lots,
- 3500 sq. ft. houses
- 85% FAR

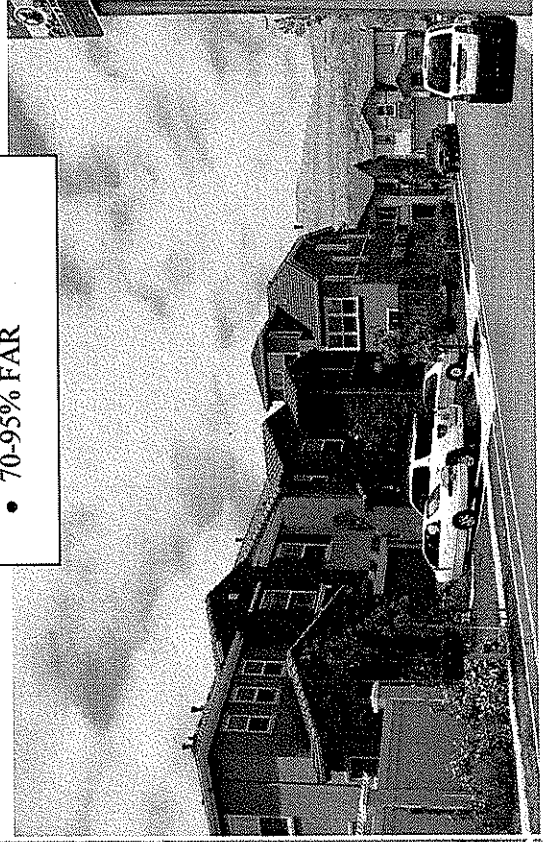
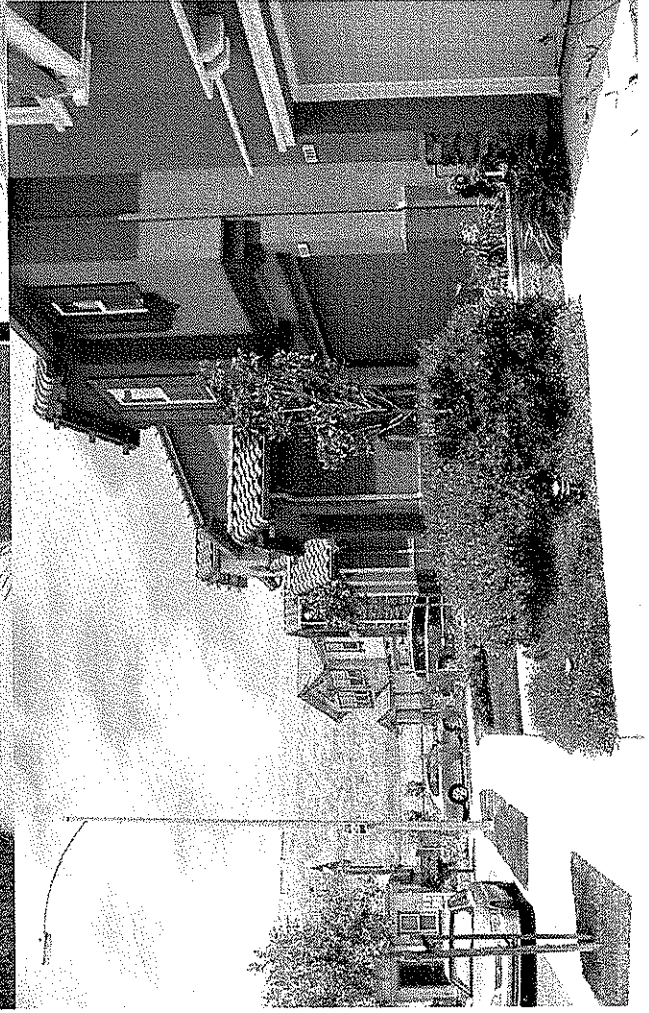






Basking Ridge Ave:

- 3400 sq. ft. lots
- 2200-2800 sq. ft. houses
- 70-95% FAR



TRACT NO. 9611

BOOK
678

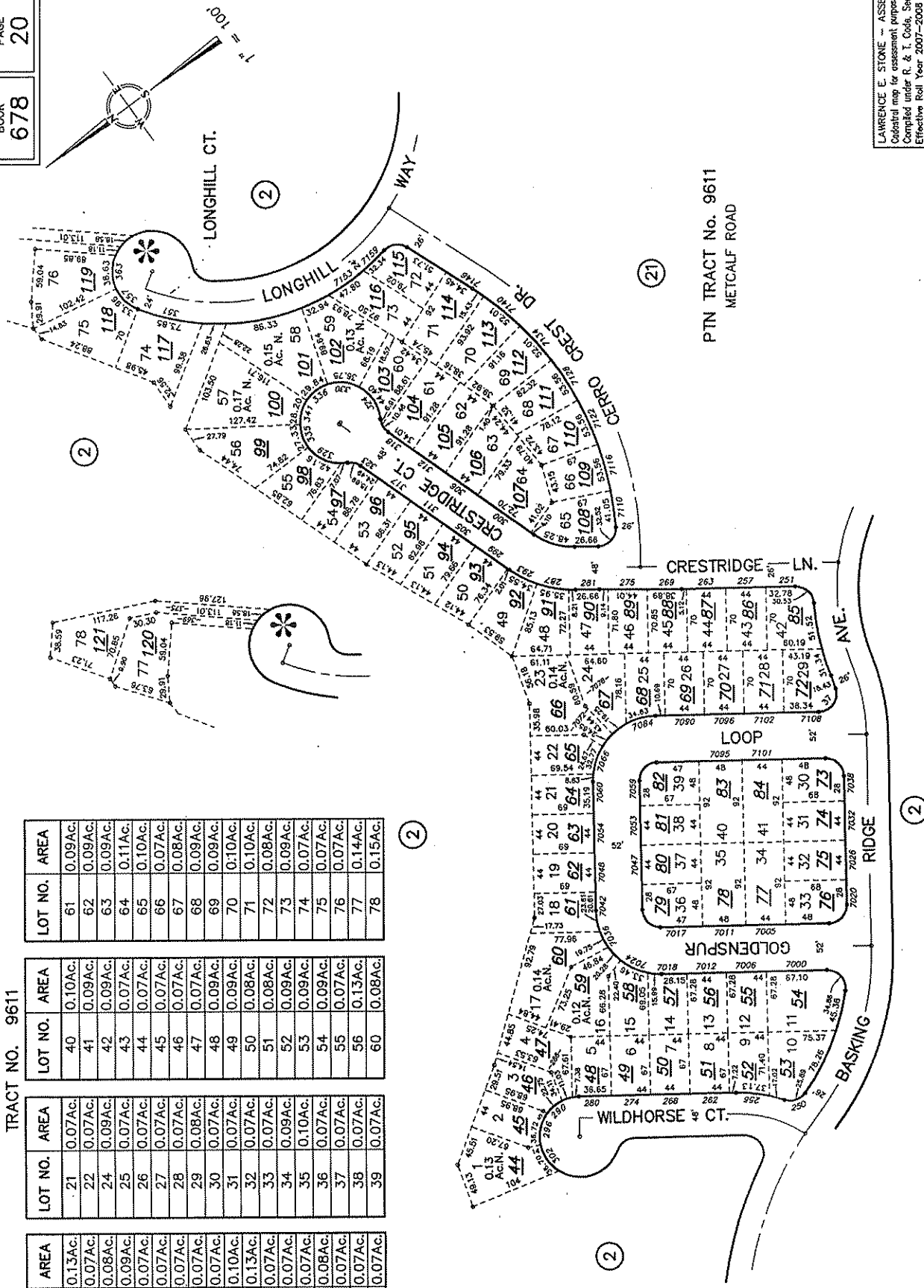
PAGE
20

LOT NO.	AREA
1	0.13Ac.
2	0.07Ac.
3	0.08Ac.
4	0.09Ac.
5	0.07Ac.
6	0.07Ac.
7	0.07Ac.
8	0.07Ac.
9	0.07Ac.
10	0.10Ac.
11	0.13Ac.
12	0.07Ac.
13	0.07Ac.
14	0.07Ac.
15	0.08Ac.
18	0.07Ac.
19	0.07Ac.
20	0.07Ac.

LOT NO.	AREA
21	0.07Ac.
22	0.07Ac.
24	0.09Ac.
25	0.07Ac.
26	0.07Ac.
27	0.07Ac.
28	0.08Ac.
29	0.07Ac.
30	0.07Ac.
31	0.07Ac.
32	0.07Ac.
33	0.07Ac.
34	0.09Ac.
35	0.10Ac.
36	0.07Ac.
37	0.07Ac.
38	0.07Ac.
39	0.07Ac.

LOT NO.	AREA
40	0.10Ac.
41	0.09Ac.
42	0.09Ac.
43	0.07Ac.
44	0.07Ac.
45	0.07Ac.
46	0.07Ac.
47	0.07Ac.
48	0.09Ac.
49	0.09Ac.
50	0.08Ac.
51	0.08Ac.
52	0.09Ac.
53	0.09Ac.
54	0.09Ac.
55	0.07Ac.
56	0.13Ac.
60	0.08Ac.

LOT NO.	AREA
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62	0.09Ac.
63	0.09Ac.
64	0.11Ac.
65	0.10Ac.
66	0.07Ac.
67	0.08Ac.
68	0.09Ac.
69	0.09Ac.
70	0.10Ac.
71	0.10Ac.
72	0.08Ac.
73	0.09Ac.
74	0.07Ac.
75	0.07Ac.
76	0.07Ac.
77	0.14Ac.
78	0.15Ac.



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Effective Roll Year 2007-2008

- Morgan Hill Locations**

 - **Kelly Park**
 - **Oak Park**
 - **Sorrento**
 - **El Dorado**
 - **Morgan Ranch**
 - **Venetian Village**
 - **Cottage Green**



0 45 90 180 270 360
Feet



Kelly Park

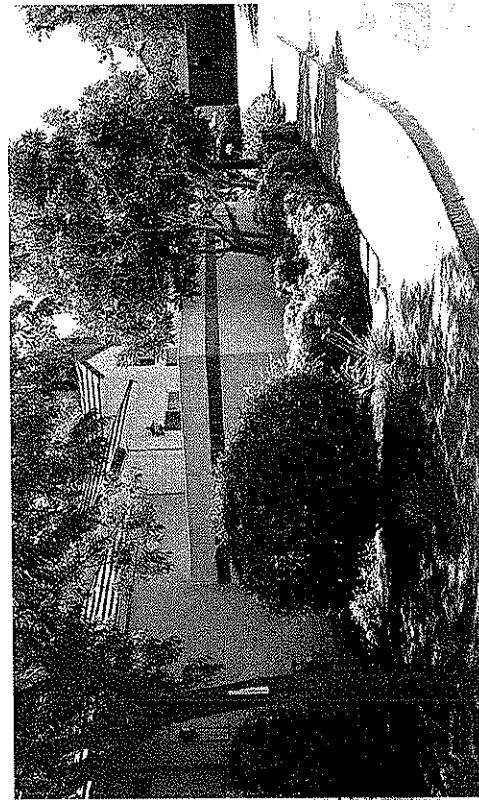
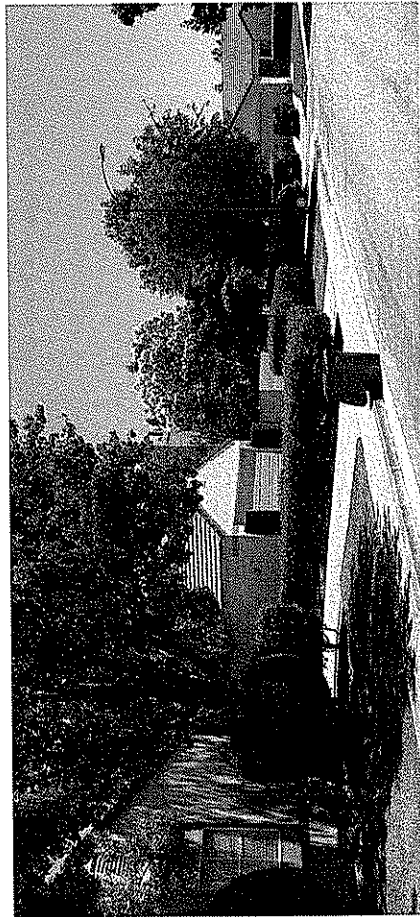
Zoning: R-1 7,000

Smallest Lot: 4356 sq. ft.

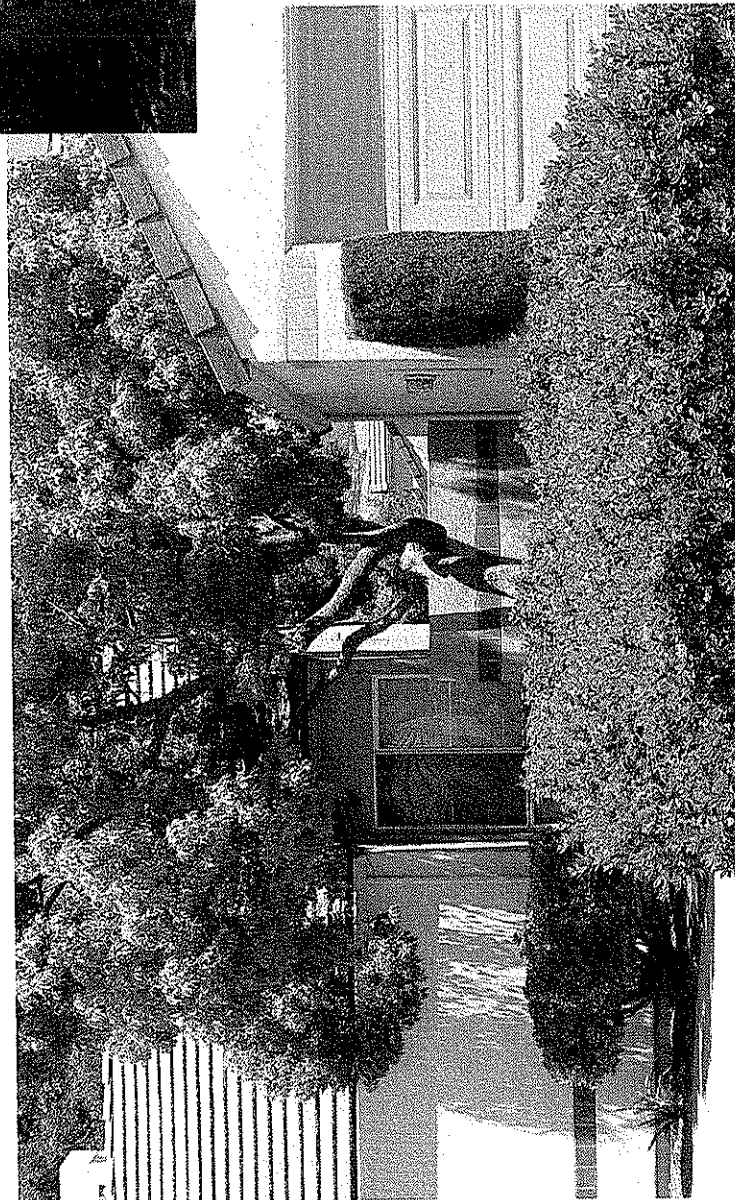
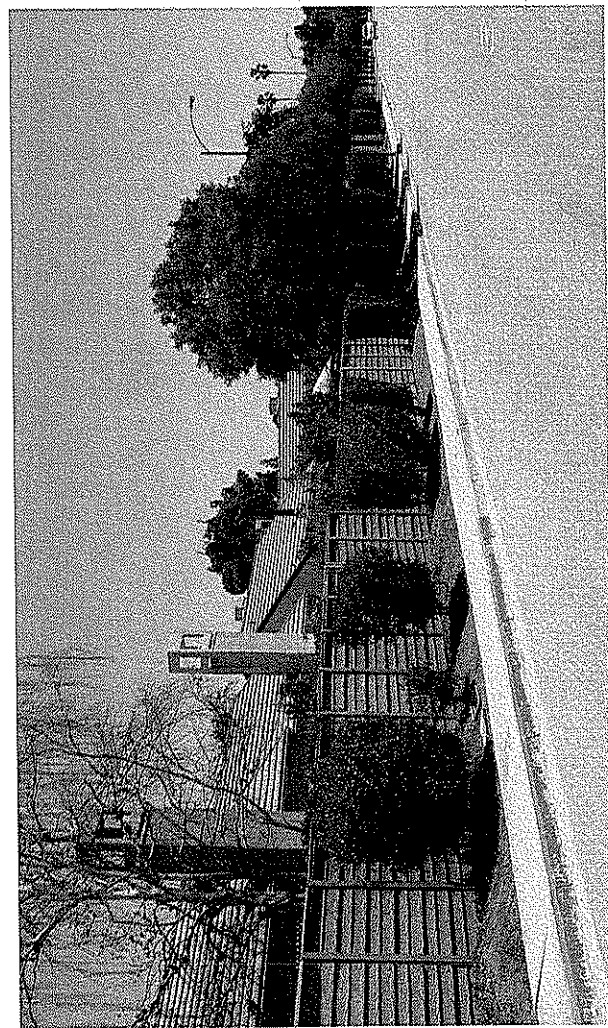
Highest FAR: 38%

Majority FAR: 30-33%





Kelly Park
Zoning: R-1 7,000
Smallest Lot: 4356 sq. ft.
Highest FAR: 38%
Majority FAR: 30-33%





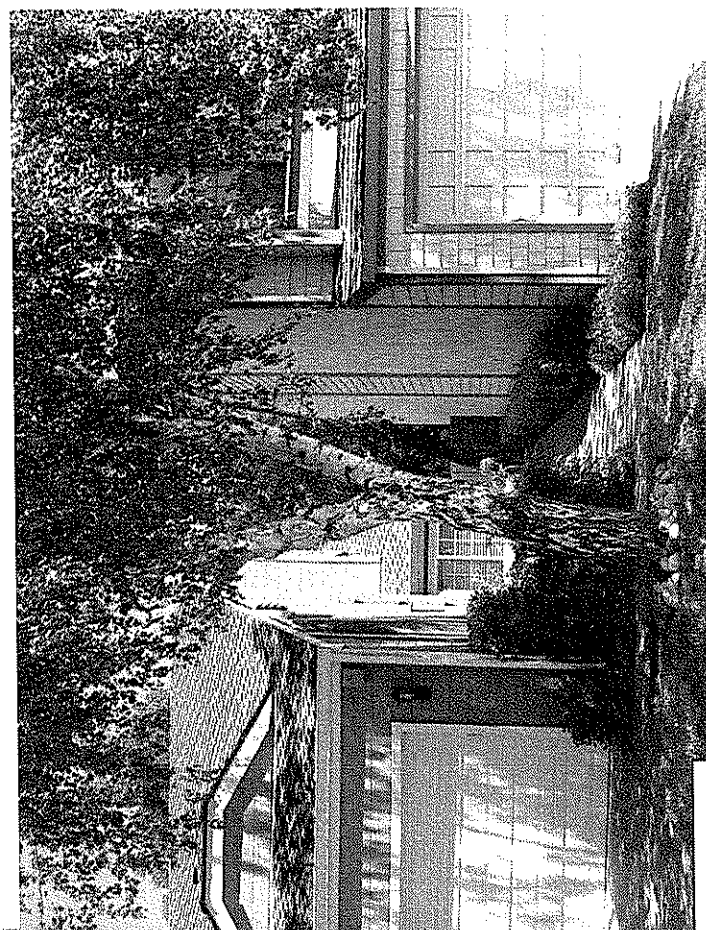
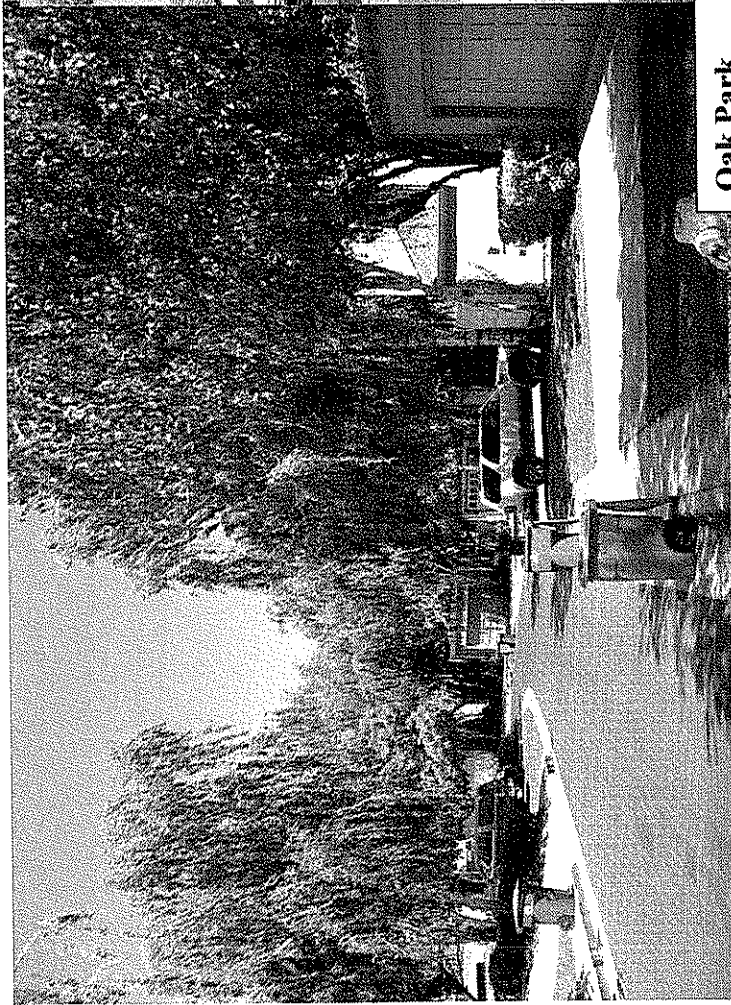
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Feet



Oak Park

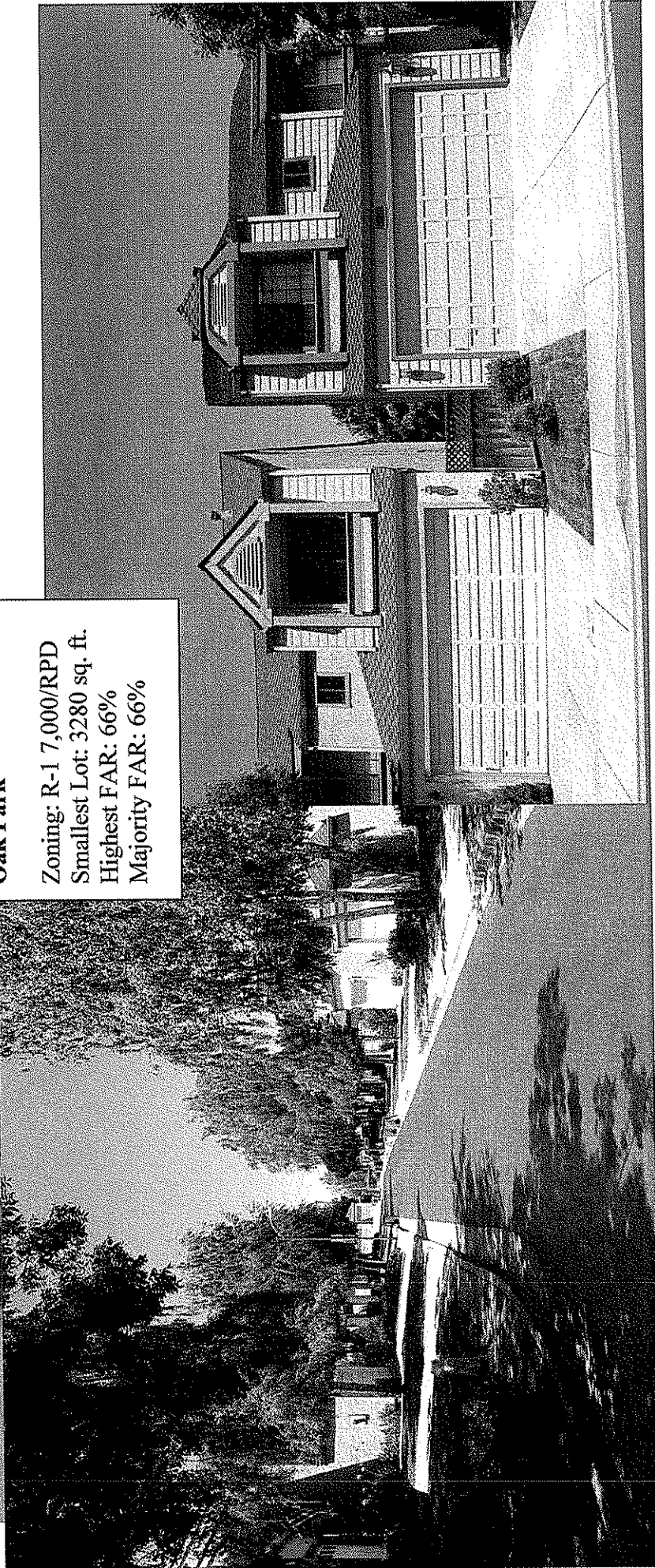
Zoning: R-1 7,000/RPD
Smallest Lot: 3280 sq. ft.
Highest FAR: 66%
Majority FAR: 66%

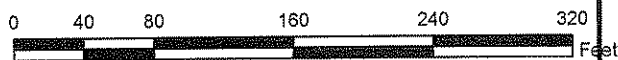




Oak Park

Zoning: R-1 7,000/RPD
Smallest Lot: 3280 sq. ft.
Highest FAR: 66%
Majority FAR: 66%





Sorrento

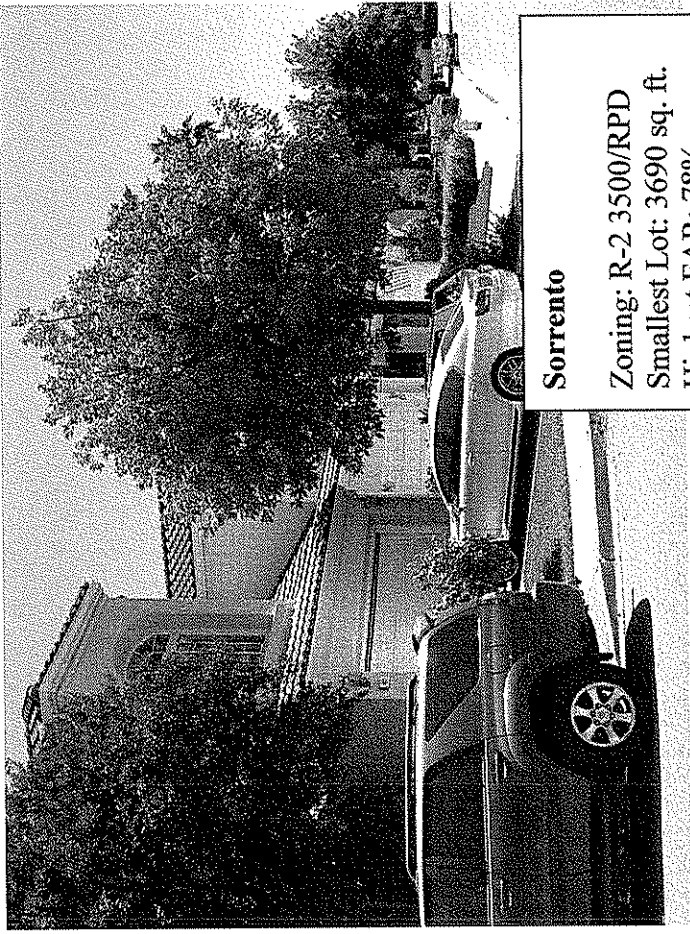
Zoning: R-2 3500/RPD

Smallest Lot: 3690 sq. ft.

Highest FAR: 78%

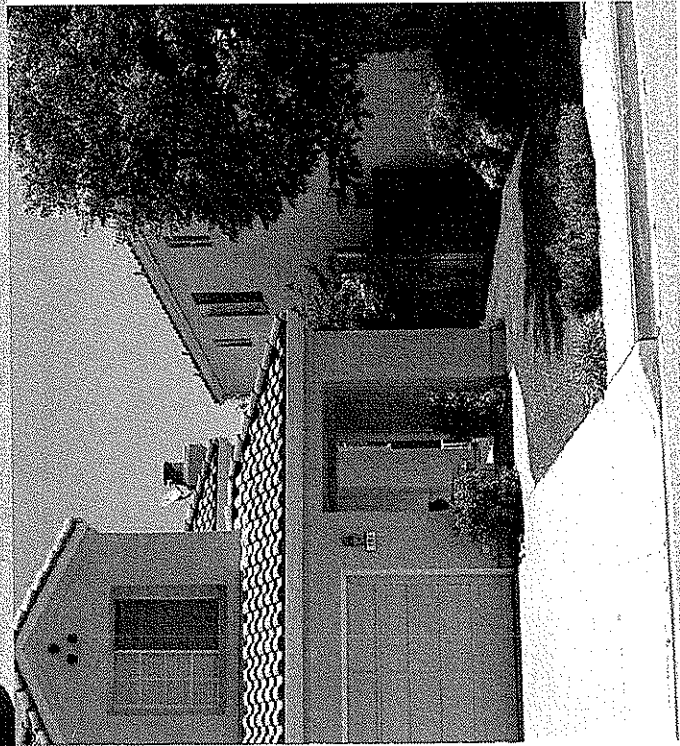
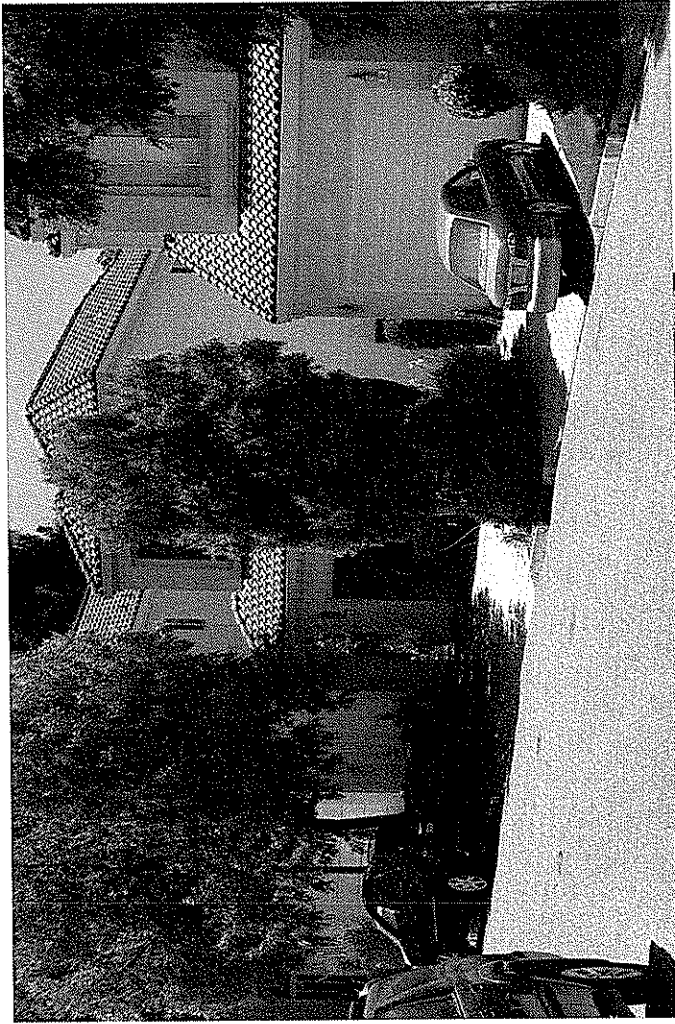
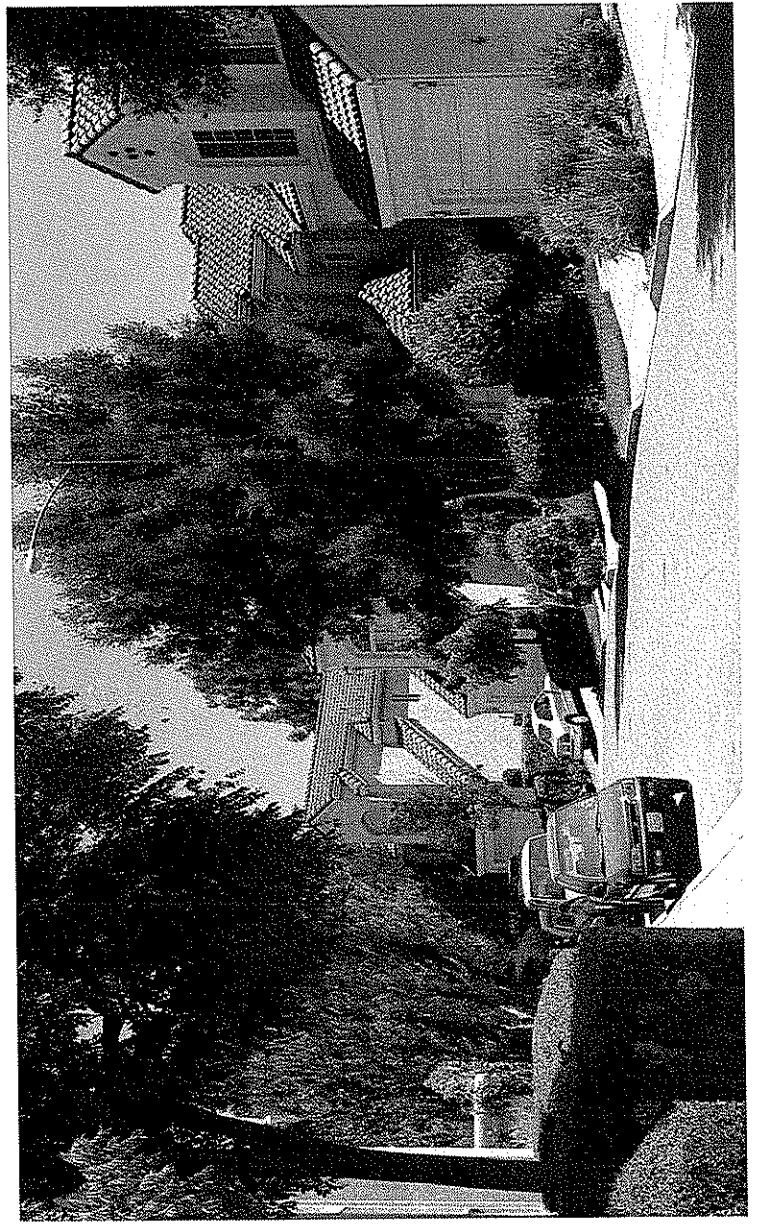
Majority FAR: 63-70%

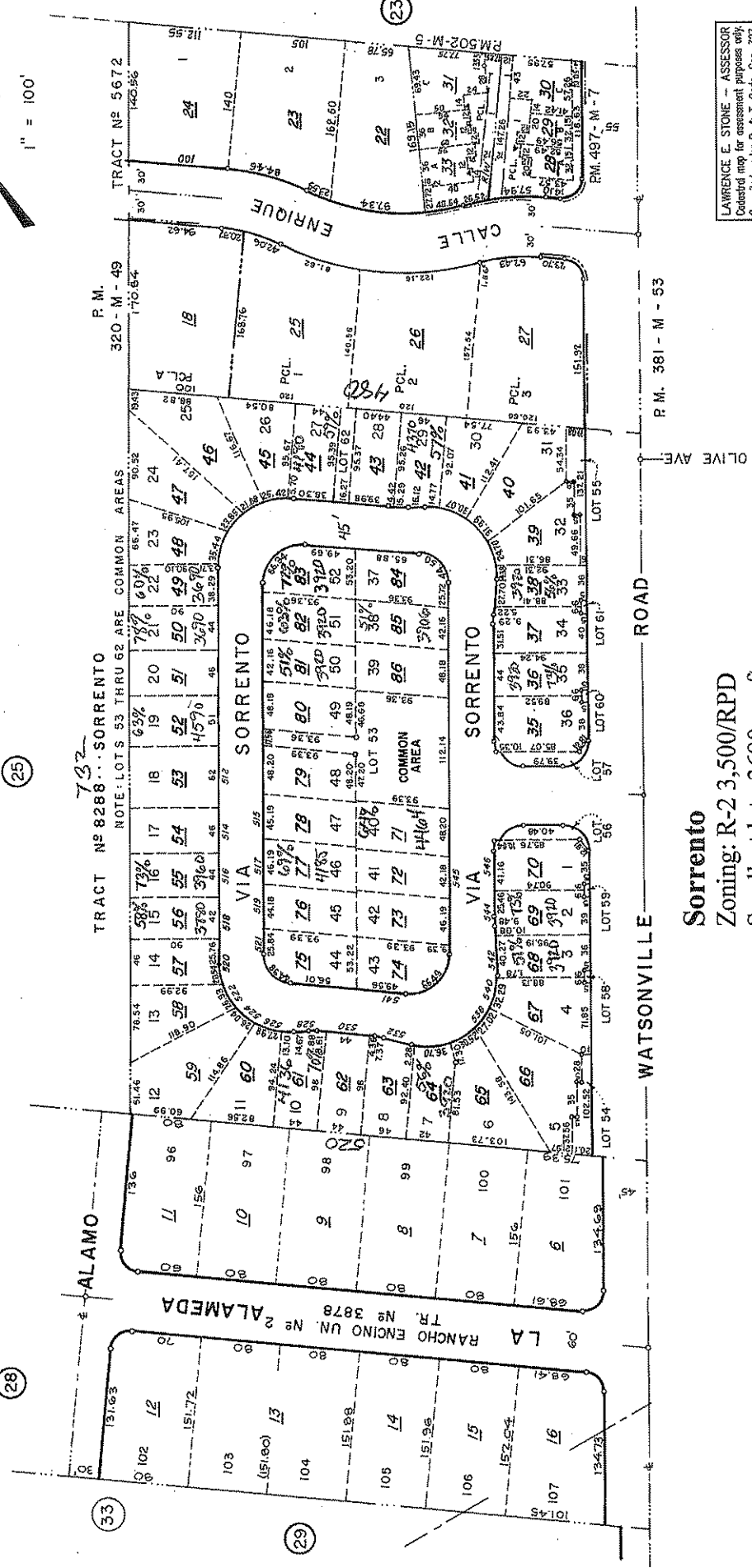
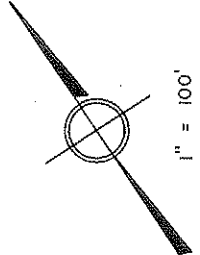




Sorrento

Zoning: R-2 3500/RPD
Smallest Lot: 3690 sq. ft.
Highest FAR: 78%
Majority FAR: 63-70%





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 Effective Roll Year 2007-2008

Sorrento
 Zoning: R-2 3,500/RPD
 Smallest lot: 3690 sq. ft.
 Highest FAR: 78 %
 Majority FAR: 63-70%



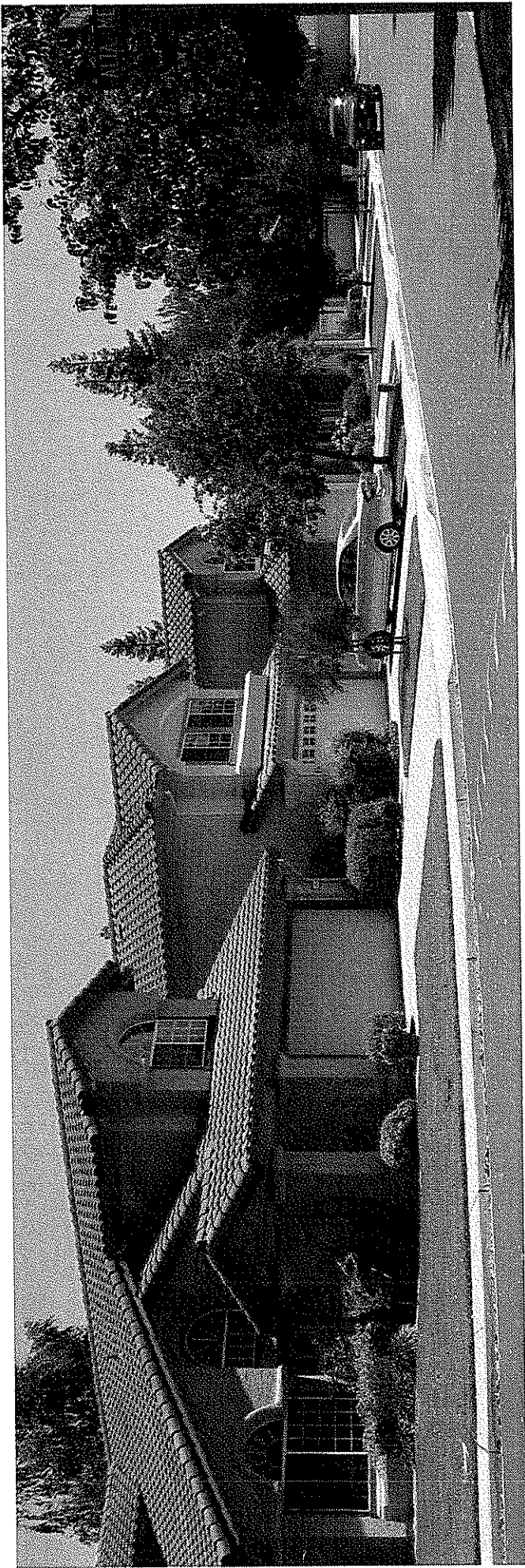
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Feet



El Dorado II

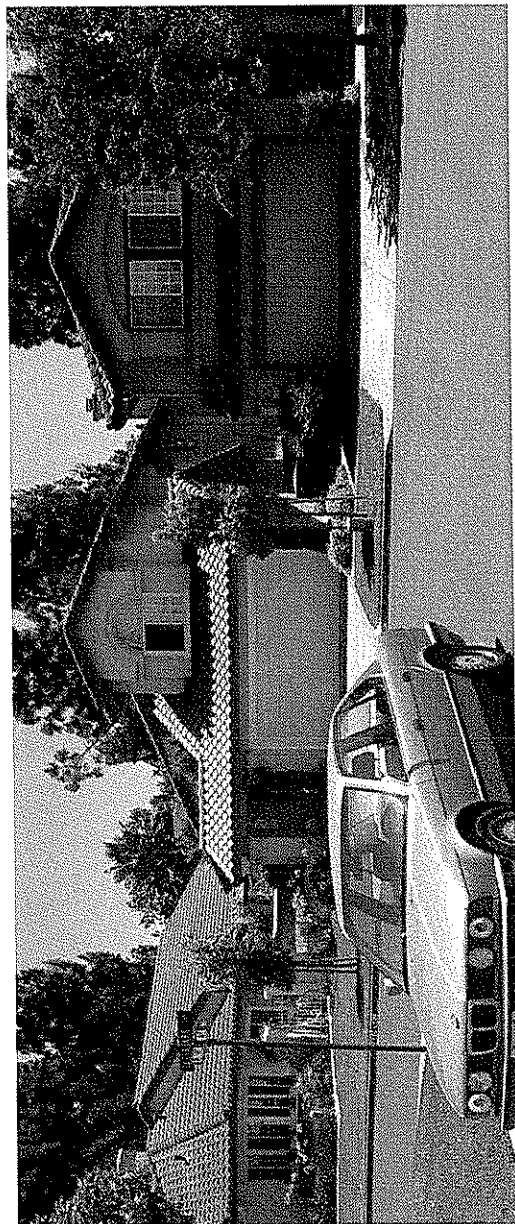
Zoning: R-1 7,000/RPD
Smallest Lot: 4508 sq. ft.
Highest FAR: 55%
Majority FAR: 50-54%





El Dorado II

Zoning: R-1 7,000/RPD
 Smallest Lot: 4508 sq. ft.
 Highest FAR: 55%
 Majority FAR: 50-54%





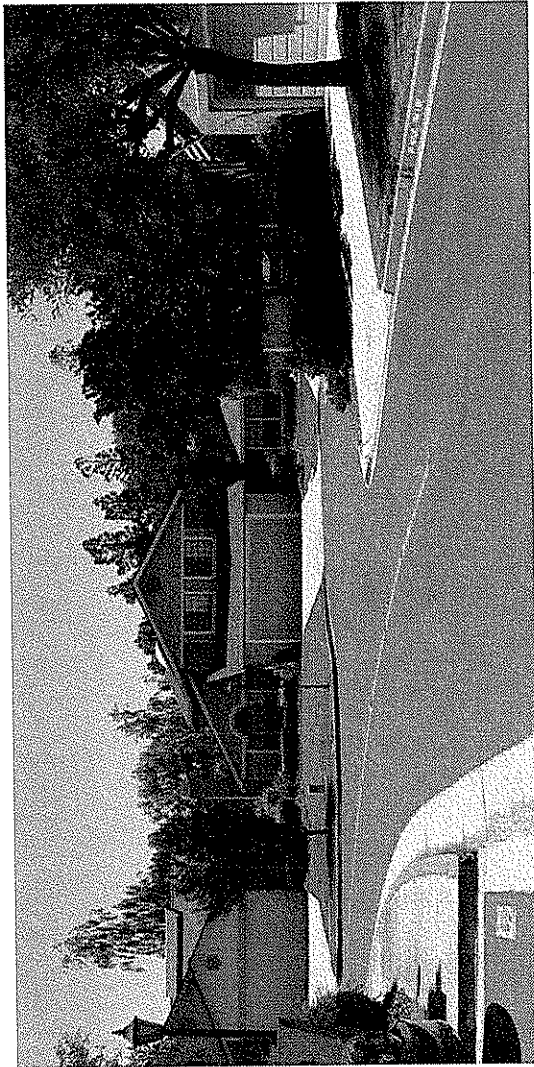
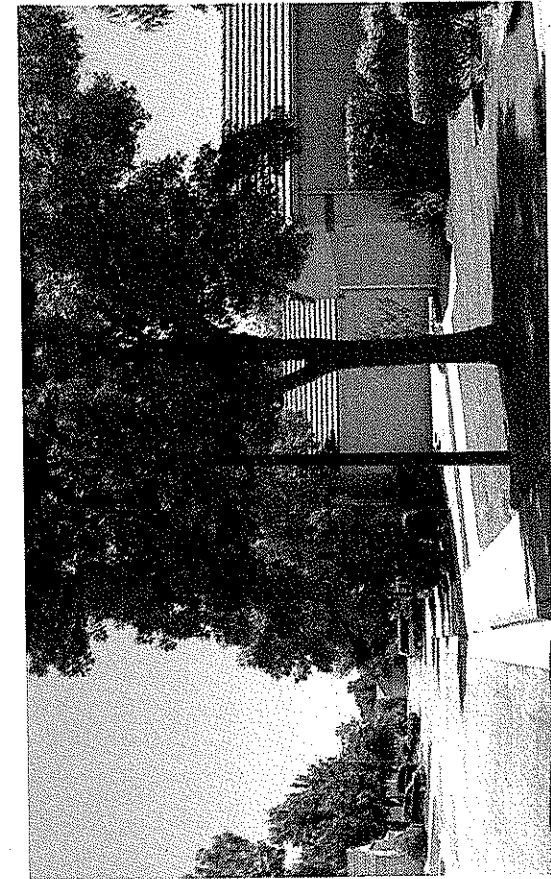
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Morgan Ranch

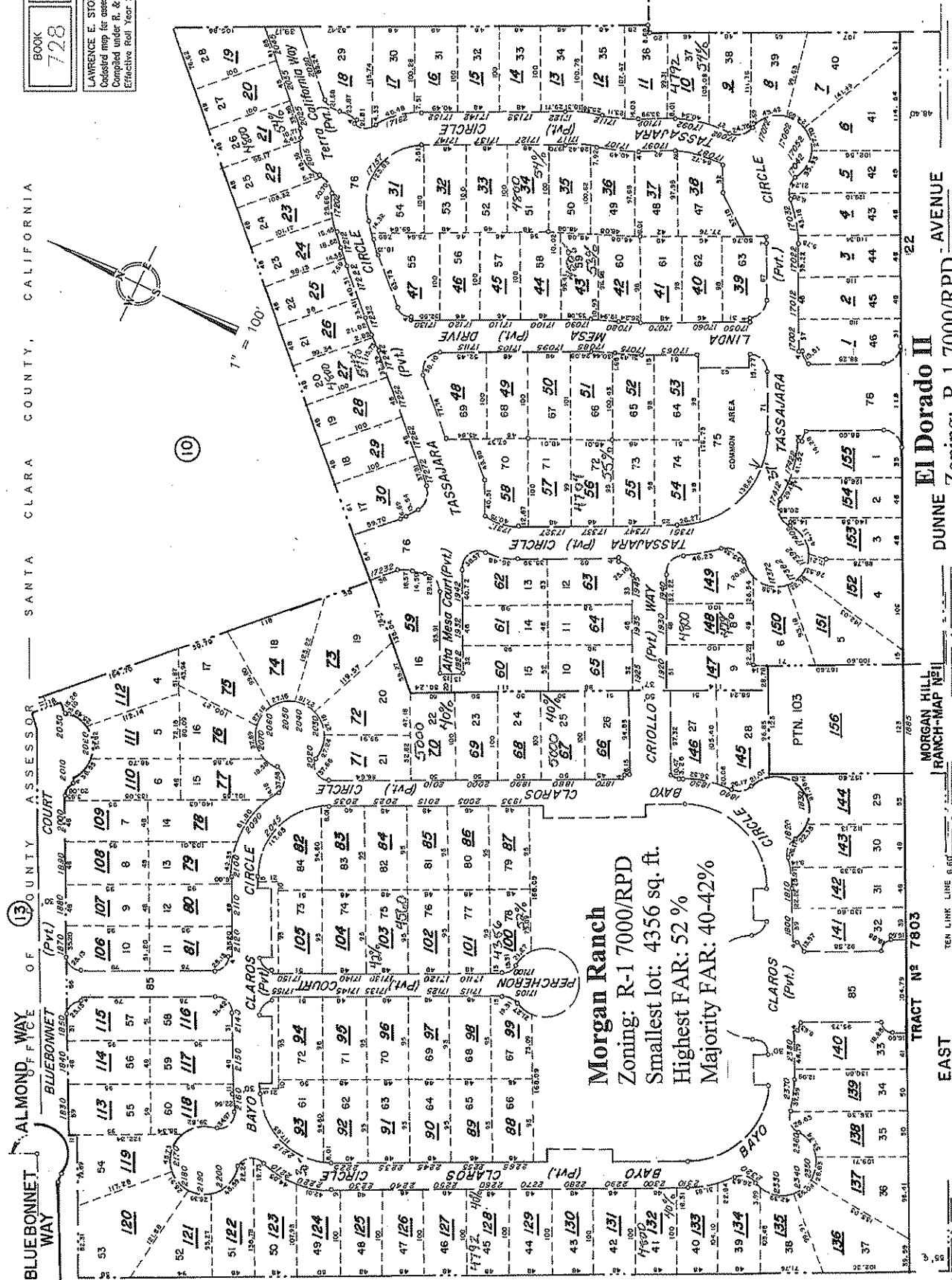
Zoning: R-1 7,000/RPD
 Smallest Lot: 4356 sq. ft.
 Highest FAR: 52%
 Majority FAR: 40-42%





Morgan Ranch

Zoning: R-1 7,000/RPD
Smallest Lot: 4356 sq. ft.
Highest FAR: 52%
Majority FAR: 40-42%



El Dorado II

Zoning: R-1 7000/RPD

Smallest lot: 4508 sq. ft

Highest FAR: 55 %

Majority FAR: 50-54%



0 60 120 240 360 480
Feet



Venetian Village

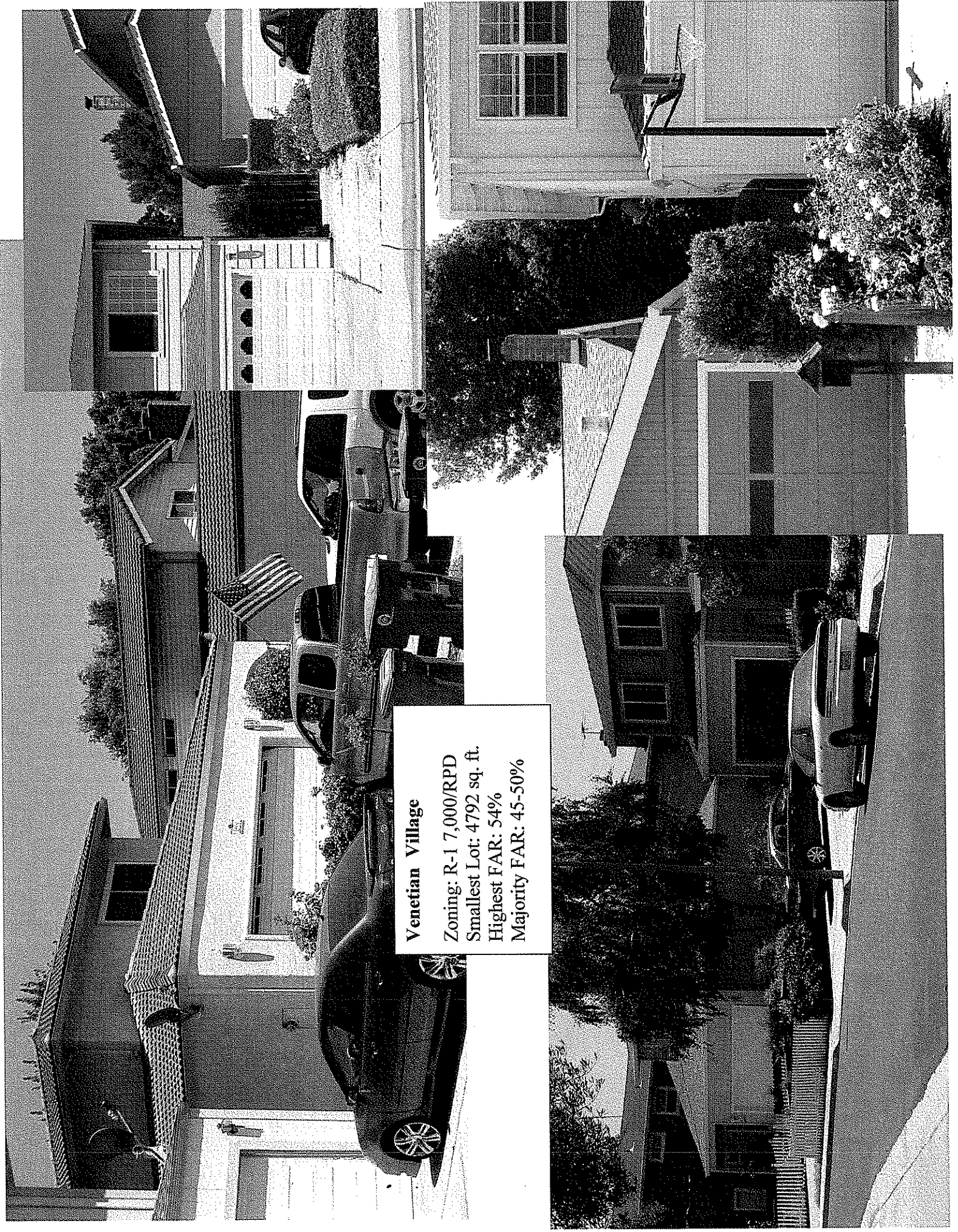
Zoning: R-1 7,000/RPD

Smallest Lot: 4792 sq. ft.

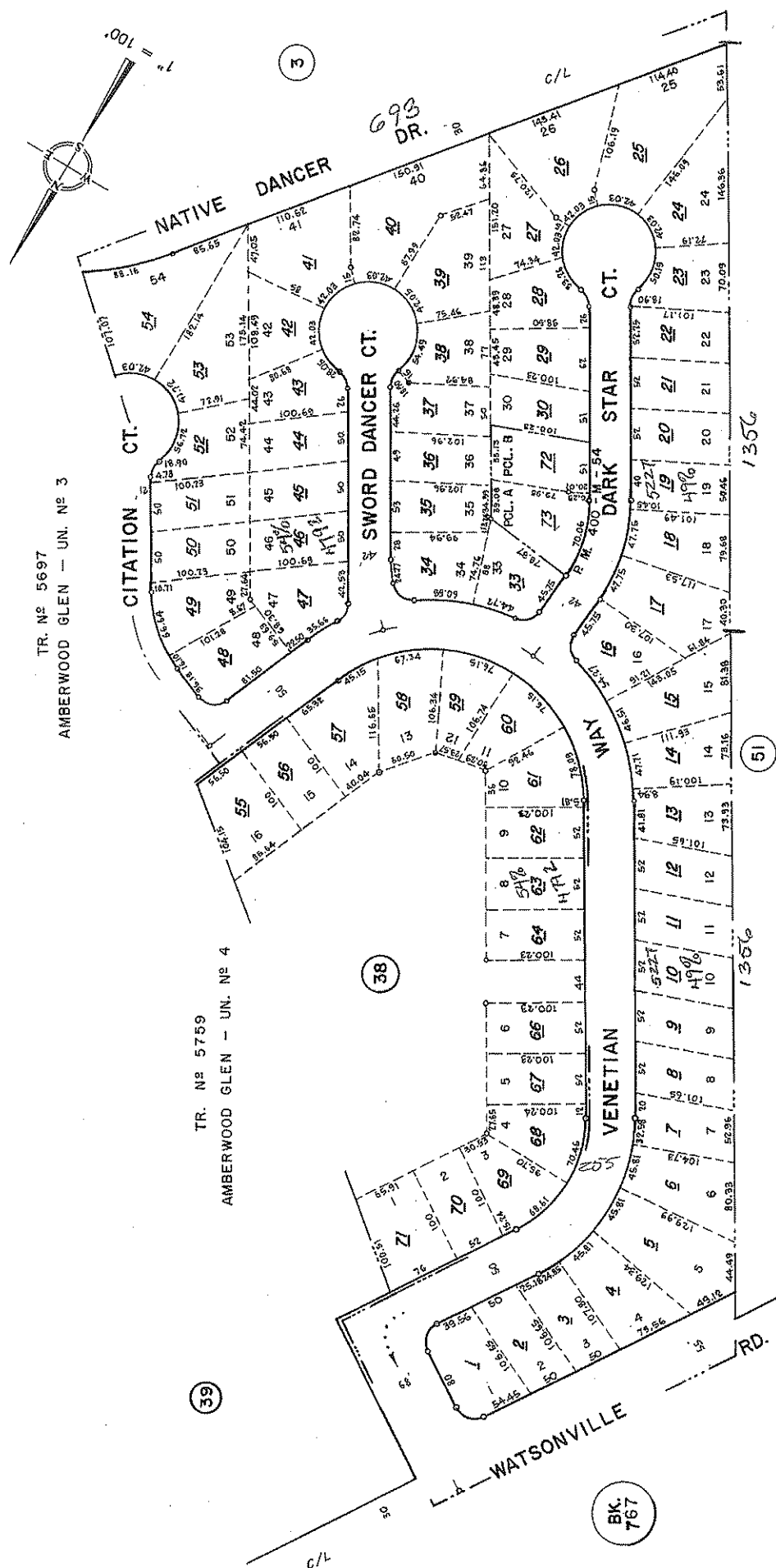
Highest FAR: 54%

Majority FAR: 45-50%

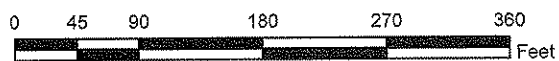
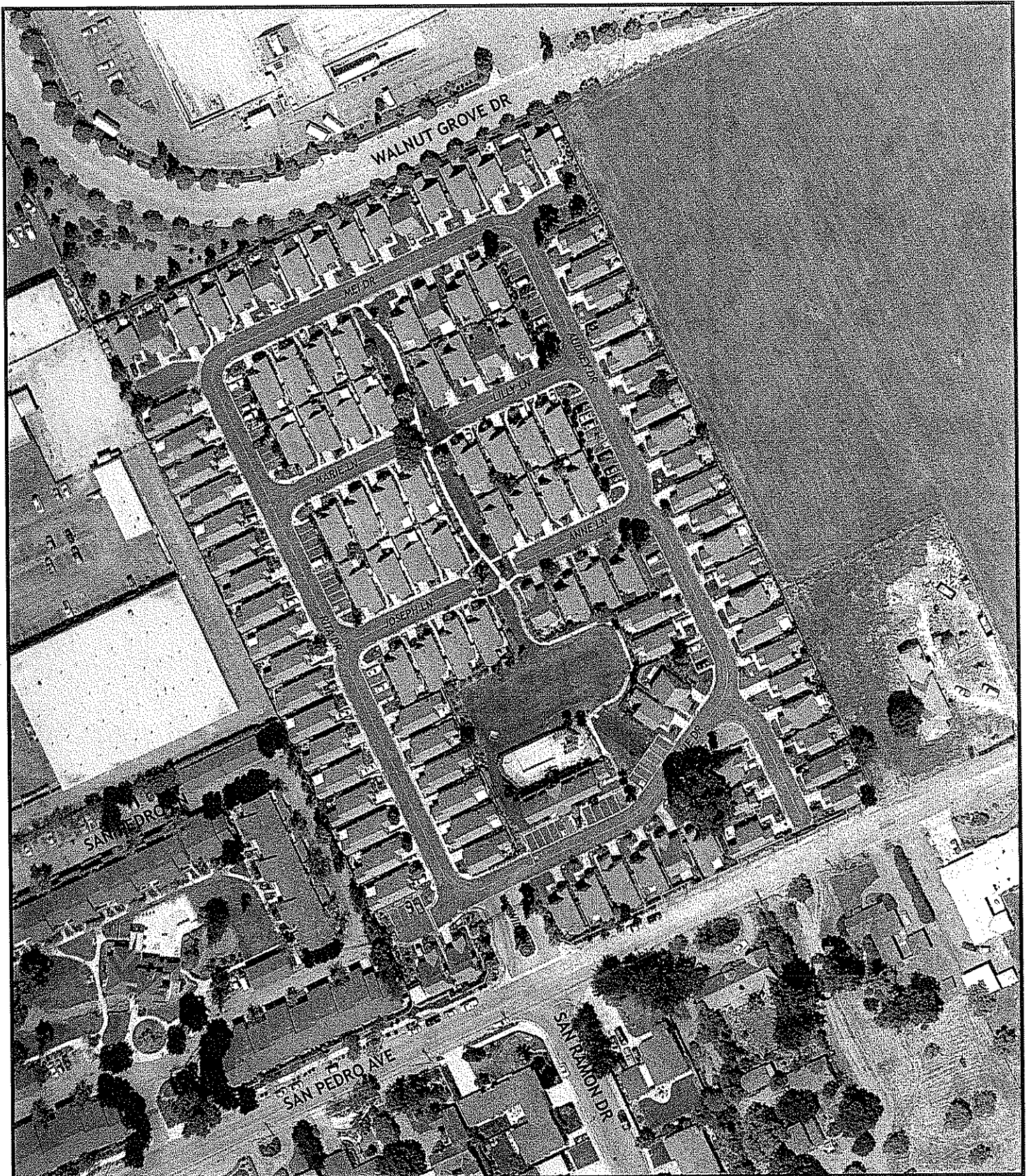




Venetian Village
Zoning: R-1 7,000/RPD
Smallest Lot: 4792 sq. ft.
Highest FAR: 54%
Majority FAR: 45-50%



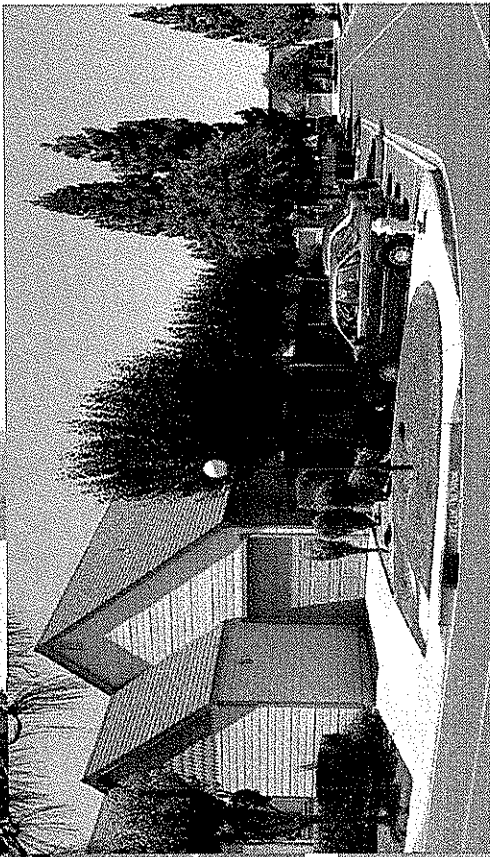
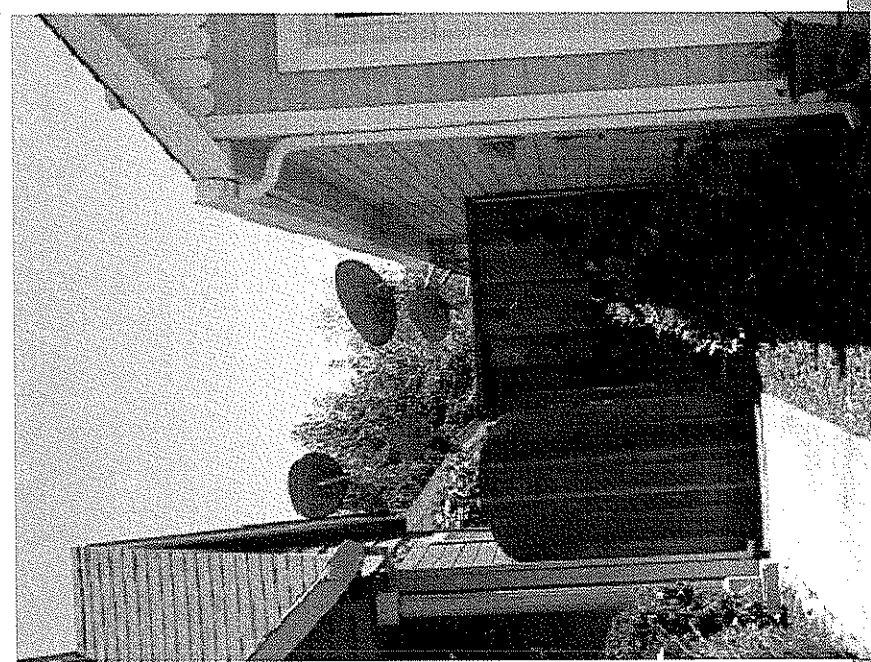
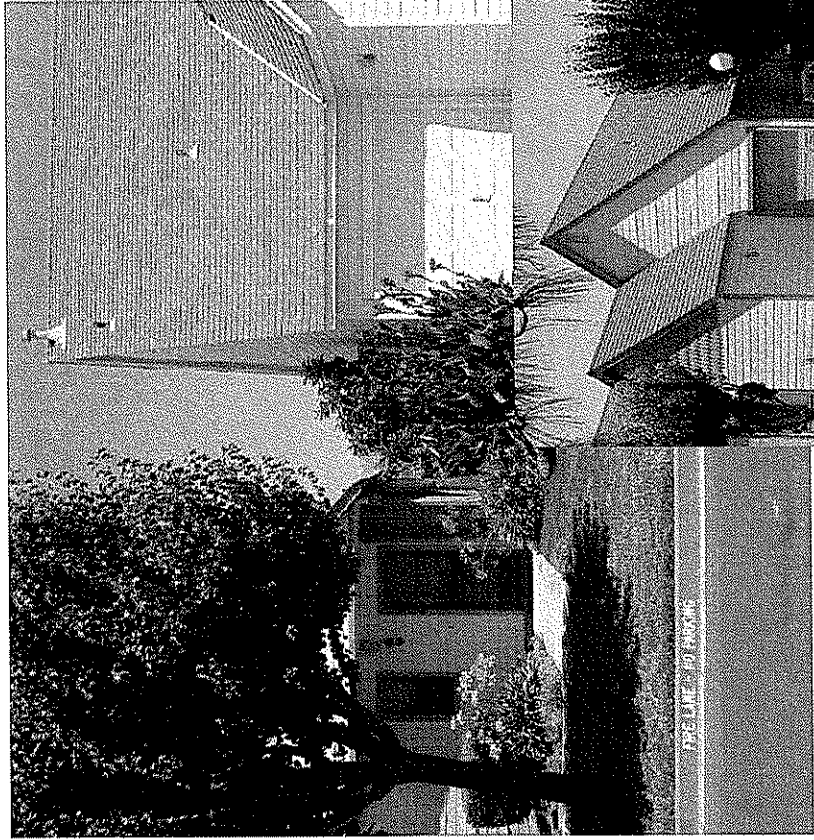
Venetian Village
Zoning: R-1 7000/RPD
Smallest lot: 4792 sq. ft.
Highest FAR: 54 %
Majority FAR: 45-50%



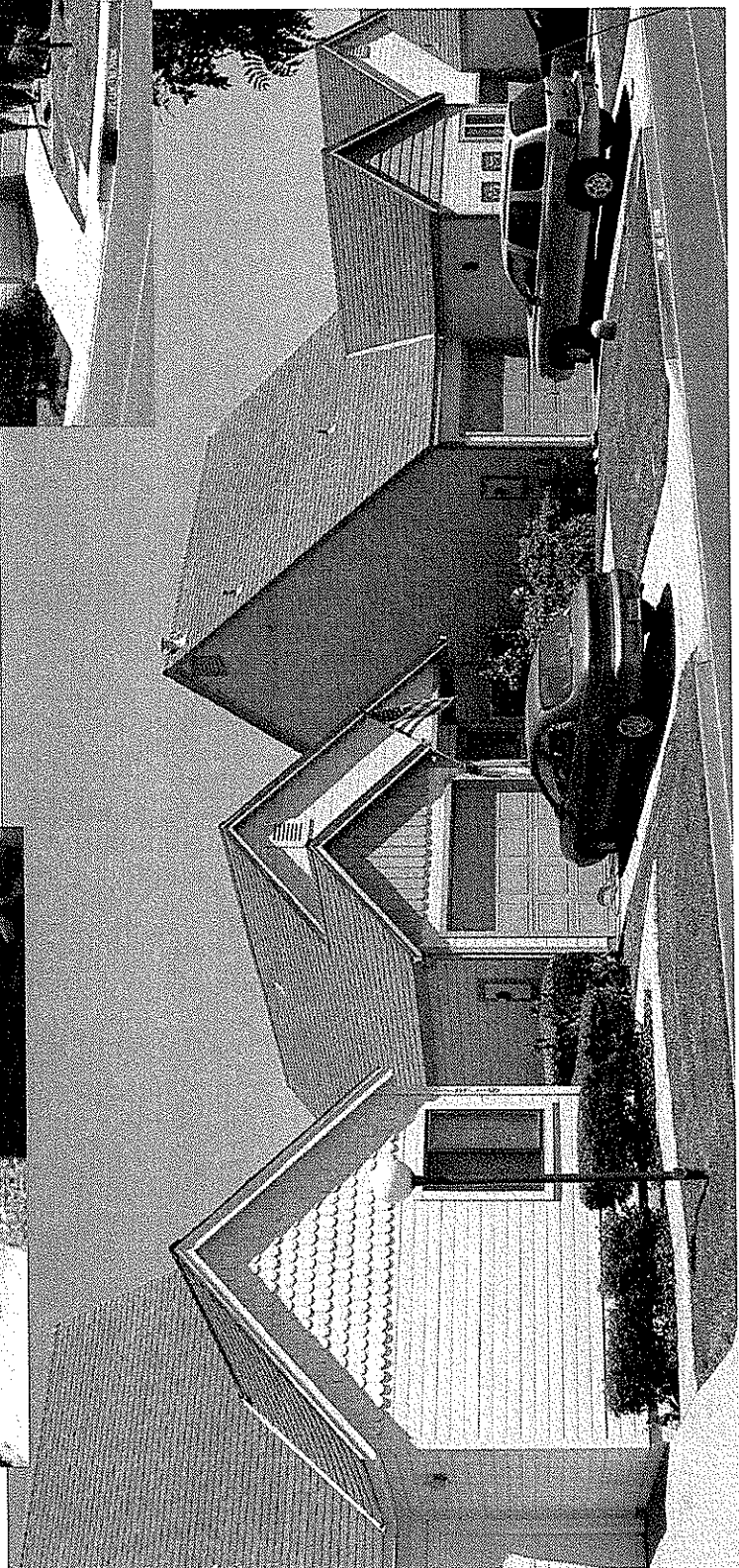
Cottage Green

Zoning: R-2 3500/RPD
Smallest Lot: 2240 sq. ft.
Highest FAR: 51%
Majority FAR: 45-50%





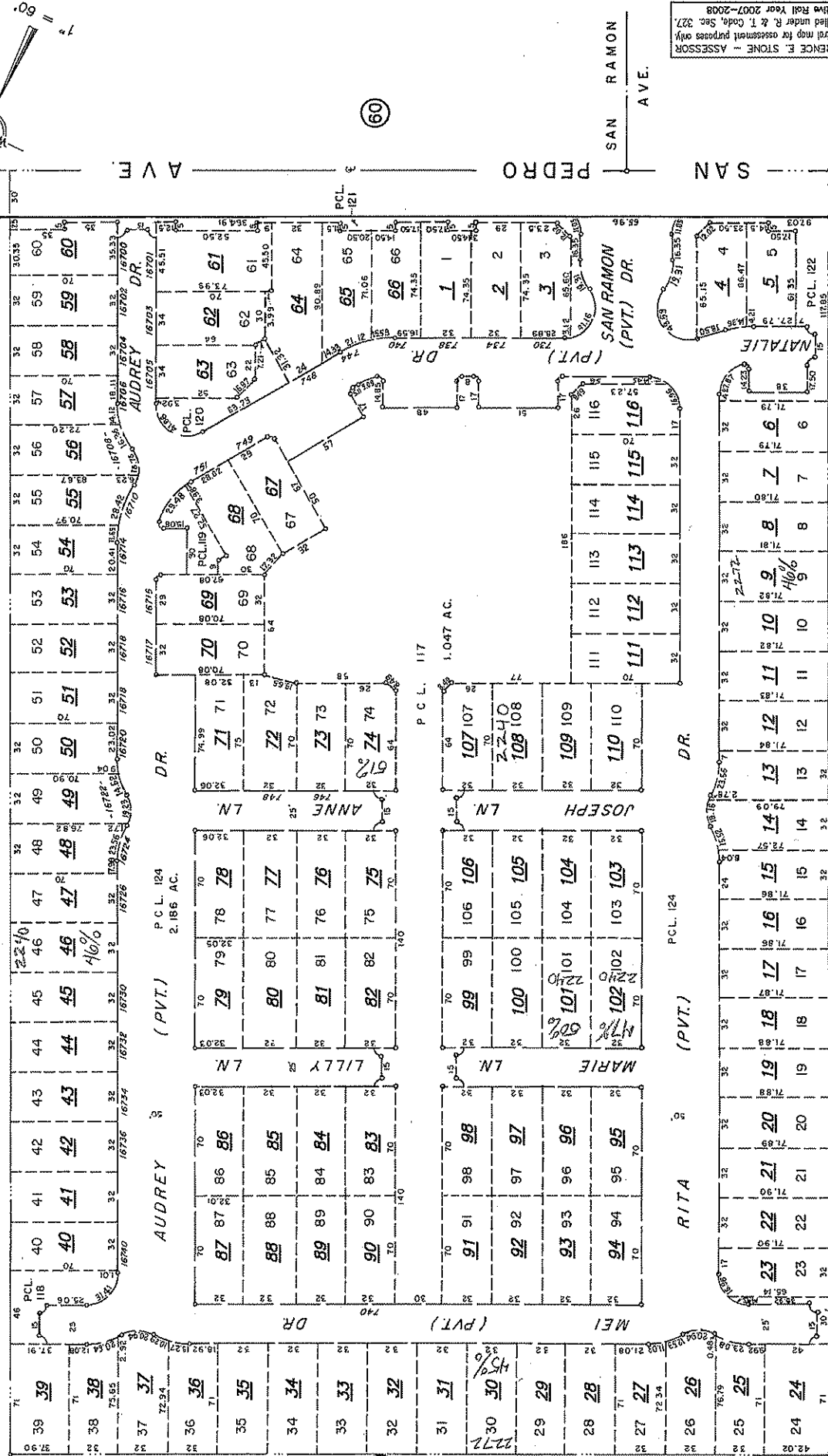
Cottage Green
Zoning: R-2 3500/RPD
Smallest Lot: 2240 sq. ft.
Highest FAR: 51%
Majority FAR: 45-50%



TRACT N^o 7524... COTTAGE GREEN

(11)

NOTE: PARCELS 117 TO 124 INCL. ARE COMMON AREAS 3.51 AC. TOTAL



Cottage Green
Zoning: R-2 3,500/RPD
Smallest lot: 2240 sq. ft.
Highest FAR: 51 %
Majority FAR: 45-50%

LAWRENCE E. STONE - ASSESSOR
Compiled under R. & T. Code, Sec. 327
Effective Real Year 2007-2008



**DISCUSSION
AGENDA ITEM #3**

MEMORANDUM

To: PLANNING COMMISSION

Date: July 14, 2009

From: COMMUNITY DEVELOPMENT DEPARTMENT

**Subject: SANTA CLARA VALLEY HABITAT CONSERVATION PLAN (HCP/
NCCP): REVIEW AND COMMENT ON SEVEN KEY POLICY AREAS**

PURPOSE OF MEETING

The purpose of this meeting is to provide a status report on the preparation of the Draft Habitat Plan and to receive comments on key policies issues that have emerged throughout the development of the plan for City Council consideration. The City Council will consider this matter at its meeting of July 22, 2009.

BACKGROUND

In 2001, the United States Fish and Wildlife Service (USGWS) and California Department of Fish and Game (CDFG), as part of the approval of a series of local development projects, required the City of San Jose, Santa Clara Valley Transportation Authority, Santa Clara Valley Water District and the County to undertake a Habitat Conservation Plan for Santa Clara County. The HCP was required so that local agencies could address the cumulative and indirect effects of future private and public sector development and operations projects on federally listed endangered species. Subsequent discussions led to an agreement among the four Local Partners (MOU approved in 2004) and then a Planning Agreement (approved in 2005) between the Local Partners and the USFWS and CDFG. It was agreed that the Habitat Plan would be both a Habitat Conservation Plan under federal endangered species law and a Natural Community Conservation Plan under state law. By 2005, the cities of Gilroy and Morgan Hill had joined the Local Partners and the National Marine Fisheries Service (NMFS) agreed to participate regarding endangered fish species that are under their jurisdiction.

Since the signing of the Planning Agreement, work on the plan has been ongoing with the involvement of local staff, state and federal wildlife agency staff at various levels, consultants, outside technical expertise, public stakeholders and individuals, and elected or appointed officials from the Local Partner governing bodies. Throughout the development of the plan, a number of key issues and policy areas have emerged which have required more in-depth analysis and input by various groups outlined above. These seven topics were introduced to the Planning Commission and City Council in April 2008 for review and to provide comments and direction back to the Local Partners workgroup. At that time, many of these issues required further information and analysis in order to ultimately determine the alternatives which decisions could be based on.

The project website is www.scv-habitatplan.org where further information and background materials can be found.

DISCUSSION

Since the last update to the Planning Commission in April 2008, there has been considerable work completed towards a draft plan for public review. There have been two administrative drafts released for staff review, the most recent one published in June 2009 (this draft can be found on the project website or a CD of the documents can be produced by request). The Local Partners are requested to review the documents by September 2009 and provide comments and feedback to the consultants assisting with the plan document development.

Because of the length and extensiveness of the plan, we are again presenting the Commission with a number of the key issues which staff has identified for further input and feedback by the Local Partners in a summarized format (see summary report attached). These issues are similar to the seven previously discussed with the Commission. As the cover letter states, this summarized document is divided into seven sections as follows:

- Background and Habitat Plan Preparation and Adoption Process
- Preferred Land and Stream Conservation Strategy
- Habitat Plan Costs
- Habitat Plan Funding
- Project Review Process and Conditions of Approval
- Stream and Riparian Setbacks
- Habitat Plan Implementing Entity

The summarized document provides some detail of each of these topics and provides key questions that Local Partners should be thinking about while reviewing and providing feedback. This is a summary of a nearly 2,000 page document and represents the key and important issues staff and consultants have requested feedback on. For further information or other aspects of the plan, it is recommended to consult the full document (see above for distribution).

There have been ongoing meetings and discussions with state and federal wildlife agency staff regarding all aspects of the plan and these ongoing issues. The Local Partners have strived to obtain input and concurrence with the wildlife agencies yet it should not be assumed that these agencies are in complete concurrence with all details. Ongoing meetings and other interactions with the wildlife agencies continue to be productive as we work towards resolution of the remaining issues.

RECOMMENDATION AND NEXT STEPS

It is recommended that the Commission provide comments on the attached material and meeting presentation materials. The Commission's comments will be incorporated into the staff report for the City Council's July 22, 2009 review of the Habitat Plan issues. Staff will be incorporating all comments into the review of the 2nd Admin draft which concludes early September 2009. A public review Draft Habitat Plan will be prepared thereafter in the Fall of 2009 for public notice and hearing in early 2010.

ATTACHMENT

Summary of Seven Key Policy Areas

**OTHER BUSINESS
ITEM #4**



MEMORANDUM

To: PLANNING COMMISSION

Date: July 14, 2009

From: COMMUNITY DEVELOPMENT DEPARTMENT

Subject: STREAMLINE DEVELOPMENT PROCESSING SERVICES

REQUEST

The Planning Commission is being asked to review and recommend revisions to policies and processes with a goal of reducing the time necessary for private development projects to obtain approval.

RECOMMENDATION

Approve motion to recommend revisions to policies and procedures as contained in this report.

BACKGROUND

During the two sessions of its 2009 Goal Setting Retreat, the City Council established policies and goals in four areas as outlined in the attached exhibit. In the area of Economic Development, the Council established the following goal:

Each Council appointed Board or Commission will review and recommend revisions to policies and processes in their areas of responsibility, with a goal of reducing the time necessary for private development projects to obtain approval. Staff and commissions should identify processes that are required by law, but can be streamlined, as well as processes unique to Morgan Hill that could be revised or eliminated.

It should be noted that much streamlining of development approval processes has already been adopted by the City Council in the last few years, including but not limited to comprehensive review and deletion or amendment of 16 Council Policies, adoption of new and amended ordinances related to Planned Developments, Historic/Archaeological Resources, Design Review, the RDCS, Light Commercial-Residential zoning district, Downtown Administrative Use Permits, Development Agreements, senior housing/congregate care provisions, and

Exceptions/Accessory Structure provisions. Establishment of the Development Services Center is also a very key streamlining improvement.

Additionally, completion of the Downtown Specific Plan and Master EIR will act to streamline future development approvals in the downtown area. Completion of the new citywide traffic model will streamline preparation of traffic studies for proposed development projects, with more reliable results.

Planning Commission Policies:

Staff reviewed certain Planning Commission policies (see attached) to determine whether changes could be recommended to streamline or shorten the development approval process. The policies are:

1. CHANGES TO APPROVED RDCS PROJECTS, revised 10/11/94

This policy authorizes the Community Development Director to approve changes in dwelling unit sizes, number of building elevations, two story units, number of models offered, and other exterior design and elevation changes, provided said modifications would not alter the number of approved dwelling units within the project according to specific housing types. Only those changes which would not degrade the quality of the project or lower the point score in the RDCS evaluation may be approved.

Staff recommends no revisions to this policy. The policy grants administrative authority to approve certain changes that can be accomplished with less time and cost compared to approval by the Planning Commission.

2. POLICY ESTABLISHING SEPARATE DEVELOPMENT SCHEDULES FOR MONITORING OF RDCS (MEASURE C) PROJECTS AND AMENDING DEADLINES FOR MEASURE C PROJECTS, adopted 10/25/06.

This policy is the result of an earlier effort to reduce costs and streamline the implementation of RDCS projects by moving the project development schedule out of project Development Agreements into a separate document approved by Planning Commission resolution. Extensions of time are approved by the Planning Commission by resolution on consent calendar. Prior to this policy, amendments to the development schedule required public hearings before the Commission and Council and adoption of an ordinance by the Council.

However, the final project deadline, the "commence construction date," remains as a deadline within the Development Agreement and any extension of the commence construction deadline currently requires the Development Agreement to be amended after hearings before the Commission and Council. While the intentions of the policy were good, the downturn in the economy and in the housing market has resulted in a need to repeatedly extend both the project development schedule and the commence construction deadline in the Development Agreement.

Recently, based on an opinion of the City Attorney, the Council modified language in the “boilerplate” RDCS Development Agreement which granted authority to the City Manager (or staff to whom Manager delegates authority), to allow for “minor amendments” as follows:

(b) Minor Amendments. “Minor amendments” to the Agreement may be made by mutual consent of the parties without compliance with the procedures required under paragraph 18(a). A “minor amendment” shall not include any of the following:

- (i) Any material amendment or modification, or elimination of provisions required pursuant to the Morgan Hill Municipal Code and California Government Code Section 65865.2, or its successor legislation, including provisions relating to: (1) the duration or term of this Agreement, (2) the permitted uses of the subject property, (3) the density or intensity of uses, (4) the maximum height and size of proposed buildings, (5) provisions for reservation or dedication of land for public purposes, (6) general location of the uses or proposed buildings or (7) the relation of the project to adjacent properties; or
- (ii) Any material amendment or modification, or eliminations of provisions set forth in paragraph 14; or
- (iii) Any extension, postponement or amendment of the time for construction and completion of the project as specified in paragraph 10 for an aggregated time period of more than twelve (12) months.

(c) Any minor amendment must be made in writing signed by the City Manager (and approved by the City Attorney) of the City and by the Property Owner. After approval and signatures from the City Manager and the Property Owner, the amendment shall be recorded with the Santa Clara county recorder.

Possible Further Changes to “Boilerplate” RDCS Development Agreement

Extension of the project’s fiscal year building allotment must still be approved by the City Council as required under by the voter-approved RDCS. This could be accomplished as an ELBA placed on the Council’s consent calendar.

If it remains the intent to allow extensions of up to 12 months for the “hard RDCS deadlines”, then the above language needs to be further expanded to discuss the fact that an ELBA is needed, rather than a formal Development Agreement Amendment, for those hard deadlines. An ELBA does not require a noticed public hearing, and can be approved by the Council on the consent calendar.

If the City Council would like to be able to have extensions of more than 12 months, this could be provided for as well.

For all of other RDCS deadlines, to further streamline the process, staff recommends all other changes to a project development schedule be approved administratively, rather than by the

current process of the Planning Commission modifying scheduled through adoption of a resolution.

As a result of the above actions, development schedule amendments can be approved without legislative action. Staff recommends that the Development Agreements continue to reflect only the RDCS "hard deadlines", and that other schedule deadlines are made a condition of approval, worded such that staff has the authority to modify the schedules.

The Planning Commission will continue to be able to monitor the progress of RDCS projects through the RDCS Quarterly Reports.

Changes to Procedures:

Staff has identified the following process and procedural changes that could reduce cost or the time necessary for private development projects to obtain approval:

1. Change the Public Notice Requirement for Design Permits.

The Design Review Ordinance was recently amended to eliminate the ARB and grant administrative authority to the Community Development Director to approve Design Permits. In addition to posting the site, the process requires property owners within 300 feet of the project site to receive mailed notice of a public hearing 10 days prior to the hearings scheduled for a specified date, time and location.

To reduce cost and staff work, the public notice procedure could be changed to eliminate the public hearing requirement and in its place provide a notice of a 10-day public comment period. This would eliminate the need to prepare a staff report for the public hearing and prepare summary minutes of the public hearing for the administrative record. During the public comment period, the applicant and interested persons would be able visit the Development Services Center to meet with staff, view plans, review the recommended conditions of approval and provide comment. Comments received during the 10-day public comment period would be considered as part of the approval action. The City had an ARB from 1981 to 1992 and re-established an ARB from 2001 to 2009. During the 11 year interval between Boards, public comments on Design Permits were received in this manner. The Director would have the discretion to conduct a public hearing based on the significance of the project, such as plans for a shopping center, a major residential development, or important downtown projects.

2. Create an Administrative Use Permit.

An Administrative Use Permit, similar to the current Downtown Administrative Use Permit, would give administrative authority to staff to approve use permits for smaller scale or less intensive conditional uses such as veterinary clinics and self storage facilities. Alternately, the Commission could conduct a comprehensive review of all conditional uses and consider adding certain conditional uses as permitted uses.

3. Eliminate Temporary Use Permits for Model Home Complexes.

The Zoning Code requires developers to obtain a Temporary Use Permit through planning to establish a residential model home complex or a sales office in one of the models. For the model homes, a cash deposit of \$1,500 shall be posted to cover reconversion of the models for occupancy. The Building Division also regulates model homes through a separate permit and requires a \$5,000 bond to cover reconversion of the sales office. Since the Planning and Building procedures are duplicative, staff recommends eliminating the Temporary Use Permit requirement.

4. Require a Comprehensive Grading Plan.

The City requires applicants to prepare two sets of grading plans; one set to Public Works for the off-site improvements and a second set to Building for the on-site grading improvements. Each set of plans are filed separately under separate fees. Now that Building, Planning and Engineering are working in the same building at the Development Services Center, we should amend our filing requirement to require one comprehensive grading plan that addresses both the on and off-site improvements. This would be less costly and would simplify the process for the developer.

Attachments:

- 1) City Council Policies and Goals for 2009
- 2) Planning Commission Policies and Procedures

CITY OF MORGAN HILL

CITY COUNCIL'S POLICIES AND GOALS FOR 2009

Adopted February 18, 2009

During the two sessions of its 2009 Goal Setting Retreat, Council established policies and goals in four areas:

1. Capturing Opportunities for Economic Development
2. Focusing on Downtown Redevelopment
3. Improving the City's Governance Processes
4. Confirming the Sustainable Budget Strategy

CAPTURING OPPORTUNITIES FOR ECONOMIC DEVELOPMENT

Policy: It is the policy of the City Council to position Morgan Hill to take early advantage of regional economic recovery by taking immediate actions that will make the city attractive for private investment and reinvestment. This requires:

Building needed infrastructure to increase transportation mobility and to provide adequate utility capacity

Changing City policies and processes to reduce costs and processing time for business development

Targeting redevelopment agency assistance to businesses that generate substantial retail sales tax or jobs

Ensuring that all City staff and members of Boards, Committees and Commissions contribute to economic development

Goal: In his recommended FY 10 Budget, the City Manager will propose and the Council will consider strategies to accelerate the construction of the Five Year Capital Improvement Program.

Goal: By June 3, 2009 the City Manager and each Council appointed Board or Commission will review and recommend revisions to policies and processes in their areas of responsibility, with a goal of reducing the time necessary for private development projects to obtain approval. Staff and commissions should identify processes that are required by law, but can be streamlined, as well as processes unique to Morgan Hill that could be revised or eliminated.

Goal: By June 3, 2009 the City Manager and city staff will consult with owners of existing and proposed shopping centers and develop a strategy for using RDA resources and City land use powers to fill vacancies and encourage successful expansion or completion.

FOCUSING ON DOWNTOWN REDEVELOPMENT

Policy: In accordance with the previously adopted “Strategic Direction for Downtown” the City will revise public policies and make substantial public investment in order to accelerate the achievement of a significantly enhanced level of business activity in the Downtown.

Goal: By February 4, 2009 the City Council will make a decision on the first priority for implementing the Downtown Strategy. [Action on Feb 4. was to request additional input prior to decision on Feb. 18]

Goal: By February 4, 2009 the City Attorney will research the options and attendant risk for the Redevelopment Agency to take a greater role in achieving a significant enhanced level of business activity. [Completed]

Goal: By February 18, 2009 the City Attorney and City Clerk will report on options for calling an election to give voters an opportunity to revise current provisions of the Residential Development Control System that unintentionally discourage larger mixed use housing projects in the Downtown. The City Manager will evaluate options for administering the RDCS with the goal of accelerating mixed use housing projects in the Downtown.

Goal: By May 2009, the City Manager will develop and the Council will consider an aggressive schedule for public investment in additional downtown parking which shall be accompanied by a plan for operation and maintenance of the taxpayer financed facilities by private property owners and businesses.

IMPROVING THE CITY'S GOVERNANCE PROCESSES

Policy: It is the Council's policy to streamline the policy process and involve all members of the Council more directly. For calendar year 2009, the five (5) standing committees of the City Council are temporarily disbanded, to be replaced by regular 90-minute Council Policy Workshops immediately preceding each Council meeting on the third Wednesday of the month.

Policy: The Council appointed citizen boards, committees and commissions should be administered in the most cost effective manner consistent with their responsibilities to provide citizen input to City policies.

Goal: Conduct the first Council Workshop on February 18, 2009.

Goal: By the end of February 2009, the Mayor will develop options for supporting commissions, and for the frequency of their meetings.

Goal: As part of its consideration of the FY 10 budget, the Council will consider whether there should be an election proposing that the City Clerk and City Treasurer be appointed positions, rather than elected.

CONFIRMING THE SUSTAINABLE BUDGET STRATEGY

Policy: Council reiterates its commitment to the sustainable budget strategy adopted in recent years, and reinforced by its budget reductions of the last three months.

Goal: During its FY10 budget deliberations, Council will re-examine and, if necessary to meet changing conditions, modify the Sustainable Budget Principles adopted in prior years.

Goal: On February 18, 2009 conduct a policy workshop on options for new revenue to significantly increase police staffing; and consider whether to call a special election.

Goal: The City Manager will report regularly on the fiscal forecast for the current and next succeeding five years, with the objective of providing an "early warning" system for revisions that may be needed by local economic circumstances or the State Budget.

Goal: By March 4, 2009, the City Manager will prepare in cooperation with the City Administrator of Gilroy a Workplan for developing recommendations to save money and improve service through collaborative service delivery. The areas to be included include, at a minimum: regional fire protection, recreation programs, police dispatch services, disaster preparedness and environmental programs.

CITY OF MORGAN HILL

PLANNING COMMISSION POLICIES

**SUBJECT: CHANGES TO APPROVED RESIDENTIAL DEVELOPMENT
CONTROL SYSTEM PROJECTS**
DATE: SEPTEMBER 24, 1991; REVISED OCTOBER 11, 1994
PAGE: 1 OF 1

The Residential Development Control System (RDCS) is identified as "a competitive qualifying process intended only to compare projects and allow the highest scoring projects to proceed in the development process. Developers and City Staff should not construe it as a design review or an absolute approval with any entitlement other than the right to file a tentative map or development plan. **Changes to a project (1) is encouraged to improve its quality; and (2) may be required for formal project approval.**

In considering changes in Measure P projects, it is the policy of the Planning Commission to determine whether (1) the change would maintain or improve the quality of a project; and (2) whether the project would receive the same or a higher score in the RDCS evaluation. Only those changes which would not degrade the quality of the project or lower the pointscore in the RDCS evaluation shall be approved.

Pursuant to this policy, the Community Development Director shall be authorized to approve changes in unit sizes, number of elevations, two story units, number of models offered, and other exterior design and elevation changes, provided said modifications would not alter the number of approved dwelling units within the project according to specific housing types as defined in Section 18.78.270(B) of the Municipal Code. Only those changes which would result in the same or higher score in the RDCS evaluation may be approved. Changes which may cause a significant deviation in the approved project shall be referred to the Planning Commission for approval. Changes approved by the Community Development Director shall also be reported to the Planning Commission.



CYNTHIA COOK, Chairwoman

CITY OF MORGAN HILL PLANNING COMMISSION POLICIES AND PROCEDURES

PCP- 06-01

SUBJECT: POLICY ESTABLISHING SEPARATE DEVELOPMENT SCHEDULES FOR MONITORING OF MEASURE C PROJECTS AND AMENDING DEADLINE DATES FOR MEASURE C PROJECTS

EFFECTIVE DATE: OCTOBER 25, 2006

REVISION DATE:

INTRODUCTION:

Section 18.78.125 D. of the Residential Development Control System (RDSC) ordinance requires the annual residential building allotment to be issued no less than 16 months prior to the start of the first fiscal year in which the allotments must be used. Section 18.78.125 G. of the RDSC ordinance stipulates that a project must physically commence construction of the dwelling units by the end of the fiscal year of the residential building allotment. To comply with these statutory deadlines, the RDSC competition is completed prior to March 1 in the prior fiscal year and all residential projects are required to proceed according to an approved development schedule. This development schedule is incorporated into the project's Development Agreement as Exhibit "B." Approval of the Development Agreement is a legislative action requiring public hearings before the Planning Commission and City Council and adoption of an ordinance by the City Council. To extend the deadlines, the property owner/developer must file an application to amend the Development Agreement and the amendment also requires subsequent hearings before the Commission and Council and adoption of another ordinance. Rather than continuing to require developers to go through a legislative process to amend their development schedules, this policy allows a development schedule to be adopted by Planning Commission Resolution and any extensions of time be approved by the Planning Commission by resolution on consent calendar.

POLICY:

Section 18.78.150 of the Morgan Hill Municipal Code requires a quarterly review of each development which has received a development allotment to determine whether satisfactory progress is being made with the processing of appropriate plans with the planning division. To monitor the progress of each development, it shall be the policy of the Morgan Hill Planning Commission to require each project to proceed in accordance with an approved development schedule adopted by Planning Commission resolution. A Residential Development Agreement shall continue to be required to secure all RDSC competition commitments and shall include the end of fiscal year deadline to commence construction of the development.

The Residential Development Agreement would contain the following deadline:

- Building Permit Commencement of Construction

The Development Schedule approved by Resolution would contain the following deadlines:

- Subdivision and Zoning Applications filed on 6/30, 12 months prior to the start of the fiscal year of the allotment.
- Site Review Application filed on 9/30, 9 months prior to the fiscal year of the allotment.
- Final Map Submittal (Hard Deadline) filed on 1/31, 5 months prior to the fiscal year of the allotment.
- Building Permit Submittal filed on 5/15 for the fiscal year starting on 7/1.
- Building Permit
 1. Obtain Building Permits by 9/30 of the fiscal year of the allotment.
 2. Commence Construction by 4/30 of the fiscal year of the allotment.

The above filing deadlines be extended upon approval of the Planning Commission based on findings that the project was delayed due to the City's failure to grant a building permit due to an emergency situation as defined in Section 18.78.140 of the Municipal Code, or extended delays in environmental review, outside regulatory agency permit processing, construction financing restrictions and other delays not the result of developer inaction.

This policy shall remain in effect until modified by the Planning Commission.

APPROVED:



ROBERT BENICH, CHAIR



WORKSHOP AGENDA ITEM #5

MEMORANDUM

To: PLANNING COMMISSION

Date: July 14, 2009

From: COMMUNITY DEVELOPMENT DEPARTMENT

**Subject: WORKSHOP TO REVIEW AND DISCUSS DRAFT DOWNTOWN
SPECIFIC PLAN**

BACKGROUND AND PURPOSE OF WORKSHOP

As detailed in the attached memo to the City Manager dated January 5, 2007, the effort to plan and implement regulations and activities to support revitalization of downtown has been going on for many years. The Downtown Design Plan was adopted in 2003, many of its policies remain sound, and many of its action items have been completed. However, in 2007, it was determined that a Specific Plan and a Master EIR should be prepared in order to refine and streamline development regulations and review procedures that apply to downtown development. The Parking Strategy also needed to be revised and completed. The Specific Plan is not intended to “re-do” or “re-vision” the community’s vision for downtown, but to provide a reality-based strategy for achieving the Vision contained in the 2003 Plan.

The Downtown Plan update/specific plan process involved the following steps:

- Walking tour and interviews with Downtown property owners
- Community Stakeholder Workshop June 19, 2007
- Downtown Plan Update Process Workshop October 16, 2007
- Downtown Association Board Workshop January 14, 2008
- Community Stakeholder (Plan & Third Street) Workshop January 17, 2008
- Planning Commission Workshop & EIR Scoping January 29, 2008
- Community Stakeholder Workshop February 19, 2008
- Downtown Association Board Workshop March 13, 2008
- Planning Commission Item to Develop Recommendations March 11 & March 18, 2008

The Planning Commission’s March 2008 review of the January 2008 Preliminary Draft Specific Plan focused on those key plan elements that affected the project description for the purpose of preparing the EIR. On March 18, 2008 the Commission forwarded various recommendations to the City Council regarding the content of the Specific Plan, and on April 2, 2008 the City Council considered the Commission’s recommendations and provided final direction regarding the content of the Specific Plan. In July 2008 the Public Review Draft of the Specific Plan was released, and the EIR consultants have been preparing the EIR on the Plan.

The purpose of this meeting is for the Planning Commission to become familiar with and work toward understanding the Public Draft Downtown Specific Plan released in July 2008. Upon adoption, the 2008 Downtown Specific Plan will replace the 2003 Downtown Design Plan and will provide the General Plan land use designations and policies, as well as the zoning map and development standards for downtown.

The Environmental Impact Report (EIR) on the Specific Plan is scheduled for release in June 2009, and a hearing to take comments on the EIR will be scheduled during the 45-day public comment period. Once the Final EIR is completed, the Planning Commission will hold formal public hearings on the Specific Plan and develop its recommendation to the City Council. It is anticipated that the Commission hearing will take place in September and the Council will certify the EIR and adopt the Specific Plan in October 2009.

RECOMMENDATION REGARDING STRUCTURE FOR WORKSHOP

As a proposed structure for the Workshop, staff suggests the following:

1. Review City Council's April 2, 2008 Direction regarding Plan Content
2. Planning Commission Questions about Plan Content
3. Public Input and Questions about Specific Plan
4. Identify and Discuss other "Miscellaneous Plan Modifications" or Suggested Edits to Draft Specific Plan *(consistent with the overall project description of the Plan being evaluated by the EIR)*

The purpose of the March 26th Planning Commission Workshop is to get started on review and understanding of the proposed Specific Plan. It is not necessary to complete the review at the Workshop, and this matter can be scheduled for additional discussion at future workshops and/or public meetings. As previously stated, a Planning Commission hearing to take comments on the Draft EIR will also be scheduled during the 45-day public comment period, during July 2009. Also, once the Final EIR is completed, the Planning Commission will hold formal public hearings (in September) on the Specific Plan and develop its recommendation to the City Council.

ATTACHMENTS

- July 2008 Public Review Draft of Downtown Specific Plan *(previously distributed; also available on city's website)*
- April 2, 2008 Council Direction regarding Content of Draft Downtown Specific Plan
- March 11, 2008 Staff Report to Planning Commission
- January 5, 2007 Memo to City Manager

COUNCIL DIRECTION REGARDING CONTENT OF DRAFT DOWNTOWN SPECIFIC PLAN

(As approved by City Council on April 2, 2008)

RECOMMENDATION #1: Considerations Regarding Retail Market Demand

That the Draft Plan reflect a “net new” retail/restaurant of ~~110,490~~ **93,490** sf within Blocks 1 – 20, reflecting reduction of existing retail on Block 20, with that reduction of existing retail on Block 20 occurring by the 2015 timeframe (73,000 sf of the existing Block 20 ‘shifts’ to downtown core), with public parking space needs calculation to be based on the projected cumulative total commercial space needs within the downtown core area (blocks 1-14).

RECOMMENDATION #2: Ground Floor Commercial Regulations

That Figure 6 be revised to show Ground Floor Zoning Overlay District only, with parcels along Monterey between 4th Street and Main Avenue to require a minimum retail depth of 60 feet, except at all corners of each intersection would require a minimum retail depth of 80 feet; and parcels along Third Street between Depot and Monterey to require a minimum depth of 50 feet, except that all corners of each intersection would require a minimum depth of 80 feet. A diagram showing the red areas showing the basis for the 2030 retail projections will become an explanatory/guideline exhibit rather than a zoning overlay, which shows areas where more than 50, 60 and 80 feet would be strongly encouraged.

RECOMMENDATION #3: 2015 and 2030 Redevelopment Projections

The 2030 redevelopment projection charts and text be revised to remove the “10% margin”; that Block 19 be projected for office mixed use rather than retail mixed use, and that Block 20 be included within the projections for the 2015 redevelopment phase.

RECOMMENDATION #4: Parking Supply Needs, Timing and Locations

Base the parking supply strategy on a 92% occupancy factor for public parking available for both retail and office uses in the Core Blocks 1 – 14 (no on-site parking requirement), based on the revised 2030 Redevelopment Projection. For residential units, require 1.0 spaces on site for units of 600 sf or less, 1.5 spaces on site for units between 601 and 1,350 sf, and 2.0 spaces on site for units of more than 1,350 sf, with no residential guest parking requirement. Use redevelopment funds to acquire and improve public parking spaces so that spaces are available prior to occupancy of new developments, and increase public parking supply by at least 500 parking spaces by 2015. Implement a parking monitoring program to ensure parking is added when occupancies are approaching 92%. Include a proposal for a grade-separated pedestrian crossing over the railroad tracks.

RECOMMENDATION #5: Changes to Preliminary Plan Land Use Recommendations

Revise Figures 4, 5, and 6 to reflect the recommended changes (see staff report and above summary) to General Plan, Zoning and Ground Floor Overlay provisions as detailed for Blocks 1 – 20. Reflect within the discussions of each block the “strongly encouraged”; and “opportunity for” statements as detailed in the March 11, 2008 Planning Commission staff report.

RECOMMENDATION #6: Density, Floor Area Ratio (FAR) and Height

Retain the FARs and height limits as proposed by the Preliminary Draft Specific Plan within the downtown core, as well as the language that would allow for Planned Development (PD) zoning applications to modify FAR, density and height standards, if determined consistent with the intent, goals and policies of the adopted Specific Plan. Include policy language within the Plan that suggests that two key sites that could accommodate greater heights would be on Blocks 3 and 4, between Monterey and Depot. Greater

intensity of development on these large key sites could act as a downtown landmark, without interfering with the predominately 2- and 3- story character desired for development along Monterey Road itself.

RECOMMENDATION #7: Ballot Measure Regarding RDCS Provisions for Downtown

The Council was in favor of a ballot measure, and directed that staff return with analysis of the following option #1, as well as a variant (#2) that did not increase the population cap, and analysis of "no ballot measure/keep RDCS effective downtown" (#3).

Ballot measure allowing for 500 Downtown Core allotments (Main to Dunne, Del Monte to UPRR ROW (Blocks 1 – 14), and an increase in the 2020 population cap by 1,000 (based on 2.0 persons per household reflecting smaller unit sizes) be placed on a future ballot, either by the public or the City Council. Staff would recommend that the allotments are only available for mixed use projects providing ground floor commercial space in accordance with the Specific Plan. Staff recommends that the measure not require a competition or that projects be assessed with regard meeting the RDCS "minimum score", in that construction of the project with ground floor commercial space within the downtown core would be presumed to provide community benefit.

RECOMMENDATION #8: Downtown Affordable Housing and Housing Element RHNA

The Specific Plan to not include any requirement for provision of deed-restricted affordable housing units, neither for rental nor for-sale units.

RECOMMENDATION #9: Monterey Road

Retain the Specific Plan proposal to narrow Monterey Road from 4 to 2 lanes, and direct the Master Transportation Impact Analysis and Circulation Element Assessment to determine the feasibility of the concept and what roadway improvements are necessary prior to implementation of the narrowing, to shift Monterey traffic to parallel north-south routes. Also, emphasize in the Specific Plan that the lane reduction will be implemented on a temporary trial basis prior to a final commitment to the project.

RECOMMENDATION #10: Plan Boundaries

Retain the existing boundaries, but process and adopt the land use changes that are recommended for Blocks 19 and 20, and the CC-R zoning district, concurrent with the Specific Plan; including analysis by the EIR.

RECOMMENDATION #11: Refinement of Other Zoning District Development Standards and Miscellaneous Plan Modifications

Authorized staff to continue to make plan refinements that would be incorporated into the Revised Draft Downtown Specific Plan, which would be published and available to the public at the same time as the Draft EIR is available for public review and comment in July 2008.

(e.g. more discussion of re-routing Bus Route 68 to shift it from Monterey to Depot; other transit discussion)



MEMORANDUM

To: PLANNING COMMISSION **Date:** March 11, 2008

From: COMMUNITY DEVELOPMENT DEPARTMENT

Subject: DEVELOP RECOMMENDATION TO CITY COUNCIL REGARDING
RECOMMENDED MODIFICATIONS TO PRELIMINARY DRAFT
DOWNTOWN SPECIFIC PLAN

PURPOSE

The purpose of this meeting is for the Planning Commission to develop recommendations to the City Council regarding how key components of the Preliminary Draft Specific Plan should be modified to become the DRAFT Downtown Specific Plan that is the subject of the Environmental Impact Report (EIR). The Council will consider the recommendations of the Planning Commission and others at its April 2, 2008 meeting, at which time it will provide direction on the Draft Plan "project description" to be studied by the EIR.

The objective at this time is to focus on those key plan elements that affect the assumed project description that is the subject of the EIR. There will be opportunity to continue to make recommendations and refinements to the Plan over the coming months, with the goal of releasing the revised DRAFT Specific Plan by July 2008, along with the Draft EIR.

BACKGROUND

The 2008 Downtown Specific Plan will replace the 2003 Downtown Design Plan and will provide the General Plan land use designations and policies, as well as the zoning map and development standards for downtown.

The Specific Plan is intended to provide a reality-based strategy for achieving the community's vision for downtown as articulated by the Vision Statement developed for the 2003 Plan. The plan update process to date has included analysis of the existing plan, collaboration with business owners, property owners and developers, preparation of a Preliminary Draft, and obtaining public input on the Preliminary Draft at Community and Stakeholder Workshops. The Plan consultant firm of RBF has partnered with Johnston Real Estate Services to provide information and advice on strategies for retail attraction and retention. Parking consultant DKS Consultants has re-drafted the Parking Resources Management Plan to provide a parking strategy for the new Specific Plan.

DISCUSSION

This staff report will provide information and a staff recommendation for each of the various key components of the Plan for which Council direction is needed in order to define the project for EIR analysis. The discussion is also intended to provide responses to a variety of questions and concerns that have been raised by the Planning Commission and public over the past two months that the Preliminary Draft has been available for public review and comment.

1. Considerations regarding Retail Market Demand

Questions have been asked about how much retail space is supportable downtown. Comments have been received that indicate that regulations should be developed to foster a "critical mass" of ground floor space at locations suitable for retail/restaurant uses downtown. Concerns have been expressed about not allowing residential development downtown to take the place of commercial development that makes a downtown "downtown" rather than simply a higher density neighborhood. Concern has been expressed about what would happen if the spaces were constructed but there was insufficient demand by retailers and restaurateurs.

Information about retail market conditions in Morgan Hill is contained in a June 2005 study by Bay Area Economics (BAE) titled "Retail Market Impact Analysis for Proposed Retail Shopping Center in Morgan Hill". The study documented that within the retail trade area, homeowner rates were high (over 70%), median household income was high (over \$95,000), and that Morgan Hill is well-suited for family-oriented retail geared toward families with moderate to high incomes. The study also documented that Morgan Hill experiences a very low per capita retail sales rate, indicating that residents are shopping elsewhere and sales tax leakage is high. Morgan Hill also had a quite low percentage of restaurants that serve alcohol, 11% rather than the 29% countywide figure, and the study noted that sit-down restaurants and bars may be an under-served niche. The BAE study documented space demand for sit-down restaurants (38,000 sf to year 2010). Chili's and Red Robin have supplied 25,000 sf of that space, but there is remaining existing and growing demand for sit-down restaurant space. Downtown could be emphasized as the key place for additional restaurants of that type. The study notes that *"as with most downtowns, Downtown Morgan Hill has already changed its market niche as other shopping centers have developed in Morgan Hill, [and is] offering an option for a different kind of shopping/dining/entertainment experience"*.

As of 2005 when the study was done, it was estimated that Morgan Hill could support about 271,000 square feet of additional retail space, with another 107,000 sq. ft. to be supportable by 2010, for a total of 378,000 sq. ft. by 2010. At the conservative rate of 107,000 sq. ft. of additional supportable space every 5 years, the estimated demand is:

2005 Unmet Demand: 271,000 sf

2005–2010 Additional: + 107,000 ⇒ 2010: 378,000 sf total additional supportable from 2005

2010–2015 Additional: + 107,000 ⇒ 2015: 485,000 sf total additional supportable from 2005

2015–2020 Additional: + 107,000 ⇒ 2015: 592,000 sf total additional supportable from 2005

2020–2025 Additional: + 107,000 ⇒ 2015: 699,000 sf total additional supportable from 2005

2025–2030 Additional: + 107,000 ⇒ 2015: 806,000 sf total additional supportable from 2005

The NE Cochrane/101 Morgan Hill shopping center that was approved for about 650,000 total square feet in 2005 has developed about 300,000 sf of that space in Phase One, and to the city's knowledge the developer is not preparing to activate Phase Two in the near future. Future occupants of that center could include a multiplex theater, large home improvement store, or grocery store, but will most likely be dominated by "power center" national retail tenants in Phase Two, with construction not likely to begin until sufficient tenants commit to leases.

Factors that would argue for a more aggressive scenario and support for a greater amount of retail square footage than shown in the above chart would include such things as double-tracking and increased CalTrain ridership from the downtown station, possible increased city population growth if RDCS is discontinued after Measure C expires in 2020, development of destination/tourist/visitor areas in Morgan Hill which could include an SEQ sports-recreation-leisure regional draw and development of a private high school in the SEQ, and development of other high-profile destination

such as the American Institute of Mathematics (AIM). If the California high-speed rail occurs as an aerial railway in the UPRR right of way, as proposed by the adopted preferred Pacheco alignment, then statewide travelers will gain a view of and knowledge of downtown Morgan Hill as a future tourist opportunity. Revitalization of Downtown Morgan Hill into a unique downtown that attracts visitors and shoppers interested in "lifestyle" shopping, as well as people of all ages who live in new downtown dwelling units, will create support for retailers. A successful downtown will attract also uses and shoppers from other retail areas who are seeking a different and new shopping experience within the "active and unique downtown" niche. The Redevelopment Agency has purchased the Granada Theater and will pursue a project to redevelop and activate the theater use, which will be a draw to downtown. The Redevelopment Agency has made provision of financing for downtown public parking supply a high priority, along with streetscape and other infrastructure improvements to provide a spectacular downtown setting for new developments.

The above discussion could lead one to conclude that downtown Morgan Hill should be redeveloped as quickly as possible, with active involvement of the Redevelopment Agency, so that buildings offering appropriate retail and restaurant spaces are available (along with public parking to serve that space) to "create a downtown that fills the downtown market niche" and absorbs available market demand before that demand is even more fulfilled by traditional sub-regional and community shopping centers elsewhere in the trade area.

The December 2007 Preliminary Draft Plan contained a "2030 Redevelopment Projection", which presented a possible "net new" square footage of 191,000 of retail/restaurant space by 2030 downtown within Blocks 1 - 18. Page 2-4 of the Preliminary Draft supported redevelopment of Block 20 ("old Albertsons shopping center") with medium density residential uses to the west and mixed uses to the east of the SCVWD Creek Easement. During public review of the Plan, developers have stated agreement with this concept, and have indicated that a private project could be viable within the 2010-2015 timeframe. Staff has therefore created a projection for Block 20, assuming about 17,000 sf of retail uses along Monterey, and about 90 additional dwelling units on the block, which would be a **net reduction of 73,000 sf of retail**. This change in projections, along with using more specific numbers from Table C-2, removing the "10% Margin" component of the projections (see section 3 below), and projecting office rather than retail space for Block 19 Britton mixed use development (although retail would still be allowed by the zoning), means that the "2030 Redevelopment Projection" would be revised to estimated a potential "net new" square footage of **110,490 of retail/restaurant space by 2030 for Blocks 1 - 20**. To get a sense of how much space that is, it can be compared to the size of the new SuperTarget, which is 124,800 square feet.

The Preliminary Draft Specific Plan emphasizes creation of appropriate spaces for ground floor commercial uses, with that space able to be filled by offices, live/work space, and other uses should retail/restaurant demand be insufficient at the time the space is initially available. This approach addresses the concern about what happens to the space in the interim before market demand is strong enough to absorb all of the space. The idea is that the City requires appropriately-configured spaces as part of mixed use developments, so that when population and "niche success" are achieved, the spaces will be in demand.

RECOMMENDATION #1

Staff recommends that the Draft Plan reflect a "net new" retail/restaurant of 110,490 square feet within Blocks 1 - 20, reflecting reduction of existing retail on Block 20, with public parking space need calculations to be based on the projected cumulative total commercial space needs within the downtown core area (Blocks 1 - 14).

2. Ground Floor Commercial Regulations

Johnson Real Estate Services was not hired to prepare a market study of the extent of supportable retail space in downtown Morgan Hill. Rather, Mr. Johnson's scope included advising RBF and the City regarding market demographics, analysis of business opportunities, and assessment of building prototypes as they pertain to the projected development program. Mr. Johnson has contributed his expertise within the text of the Preliminary Draft Plan, and he has been particularly helpful in advising regarding minimum retail space depths, and key retail locations, that should be developed in order to create a downtown with viable and sufficient retail spaces in the most important locations. He has emphasized that it will be difficult to attract "national retail tenants" to downtown, but that adding residential population in the downtown area, entertainment uses and office workers; along with Redevelopment Agency assistance with parking, infrastructure and "reducing risk", the downtown can become a vibrant, mixed-use, pedestrian-friendly place.

The City has already implemented the 2003 Downtown Plan requirements for ground-floor retail uses along Monterey Road and Third Street, through creation of a Ground Floor Overlay District which applies to the first 70 feet of building depth. Should there be insufficient market demand, a Downtown Administrative Use Permit can be obtained from the City.

Comments have been received, and staff agrees, that Figure 6 on page 2-15 of the Preliminary Draft is confusing. The blue-striped areas along the Monterey and Third Street frontages is intended to show the location of the Ground Floor Overlay District. The red areas are sites where the retail consultant has advised be included in the "reality-based projection" of sites that could redevelop by 2030, and if so, what the recommended range of ground floor retail depths should be. Staff now believes that the two types should be separated, with a revised blue diagram becoming a zoning overlay district, and the red areas serving as guidelines.

RECOMMENDATION #2

Staff recommends that Figure 6 be revised to show Ground Floor Zoning Overlay District only, with parcels along Monterey between 4th Street and Main Avenue to require a minimum retail depth of 60 feet, except that all corners of each intersection would require a minimum retail depth of 80 feet; and parcels along Third Street between Depot and Monterey to require a minimum depth of 50 feet, except that all corners of each intersection would require a minimum depth of 80 feet. A diagram showing the red areas showing the basis for the 2030 retail projections will become an explanatory/guideline exhibit rather than a zoning overlay, which shows areas where more than 50, 60 and 80 feet would be strongly encouraged.

3. 2015 and 2030 Redevelopment Projections

As stated in the Preliminary Draft Plan, city staff and consultants projected the sites most likely to redevelop by 2015 and 2030, based on communications with property owners, condition of buildings, and other factors. The sites selected for the "2015 Redevelopment Projection" have property owners who are actively evaluating and preparing development plans and/or have RDCS allotments. The "2015 Blocks" include Blocks 2, 3, 4, 7, 15, 17 and 18. The sites selected for the "2030 Redevelopment Projection" include the remaining blocks likely to host new development, on Blocks 1, 5, 9, 10, 11, 13, 14, 16 and 19. There is no projected change on Blocks 8 and 12. Block 6 is the Community & Cultural Center, and is not projected for additional development (although it is a potential site for a parking structure over the existing parking lot). Block 18 is the South County Courthouse project; the projection charts do not reflect development because that structure is almost complete and will supply its own parking (79,000 sf offices and 261 parking spaces).

Blocks 19 & 20 are located outside of the downtown plan boundary, but are projected to redevelop to accommodate uses supportive of downtown plan objectives. Block 19 is the Britton site projected to host 27 dwelling units and 25,000 sf office (chart shows retail; to be amended to office). Block 20 projected redevelopment is not yet reflected in the charts, but it is projected that the existing 90,000 sf of commercial and 8 dwelling units will redevelop and be replaced by 17,000 sf of commercial and about 90 residential units. Blocks 19 and 20 would need to supply on-site parking.

The charts in the Appendix also include a "10% Margin" above the development levels projected within Blocks 1 through 18, which is an additional 120 dwelling units, about 25,000 additional retail sf, and about 9,400 additional office square feet. This was done to accommodate the other development that may occur on sites not specifically projected, but within the plan boundaries. If it is instead assumed that projected levels of development on Blocks 1 – 18 are develop at somewhat less intensity than projected, then the excess could also be considered the "flexible" projected square footage that gets developed within the plan boundaries. The staff recommendation is to remove the extra 10% from the projection. In the future, as downtown evolves, additional planning and environmental work can "keep pace" with the evolution.

The point of the above discussion is to explain the methodology and purpose for the "Redevelopment Projections". The exercise of creating the projections was to define a "realistic order of magnitude" for planning purposes. The projections do not "assign" development potential or limit flexibility of where development may be proposed and approved within the Specific Plan boundaries, if the development is consistent with the land use designation and development standards of the adopted Specific Plan. The projections were made to assist with focusing the ground floor commercial strategy as well as the parking strategy, and to obtain a sense of timing and phasing. Although projections were prepared for both 2015 and 2030 as described above, the 2015 is primarily a guide for assessing how quickly the parking supply must be expanded. It is the intention of the Plan that market forces (and public redevelopment + private partnerships) dictate the actual pace of redevelopment.

The commercial strategy is not intended to simply "respond to and accommodate market demand", but to indicate where appropriately configured commercial spaces should be located downtown in order to "pull together" and accommodate existing and future space demands, at a level that solidifies the downtown area as a community-sized shopping and activity resource. The average size of a typical community shopping center is about 200,000 sf, but ranges between about 100,000 and 500,000 sf. The amount of retail/restaurant square footage that would exist within Blocks 1 through 20 if development is consistent with the 2030 Redevelopment Projection would be 306,855 square feet, including existing square footage that remains after redevelopment, as well as new square footage in new projects. Additionally, the South County Courthouse and approximately 200,000 sq.ft. of other office/service uses, as well as about 1,400 total dwelling units (existing + future) would be located within the area.

RECOMMENDATION #3

Staff recommends that the 2030 Redevelopment Projection charts and text be revised to remove the "10% Margin", that Block 19 be projected for office rather than retail mixed use, and that Block 20 be included within the projections.

4. Parking Supply Needs, Timing and Locations

Many comments by business and property owners, Planning Commissioners, and community stakeholders focused on the need to ensure that adequate parking supply is available to the public at

the same time as (or prior to) the time that new buildings are developed and new uses locate downtown. One key comment noted that the calculation of the number of needed spaces was short by 15%, if the goal of the parking program is to supply spaces reflecting 85% occupancy rather than 100%. It is relevant to note that supply based on the 100% occupancy number could be considered a "zoning minimum", while supply based on the 85% occupancy number could be considered a "desired accessibility" level of parking supply. Another comment questioned whether residential guest parking was included in the recommended 1.5 spaces per dwelling unit.

As previously discussed, the primary purpose of the 2015 Redevelopment Projection was to try to understand a likely pace of downtown redevelopment, so that the pace of constructing additional parking spaces can be managed to ensure that sufficient spaces are added as development occurs. The emphasis of the parking strategy will be on meeting projected 2030 needs based on the 2030 Redevelopment Projection. The premise of the parking strategy is that the Morgan Hill Redevelopment Agency will use its resources to provide parking supply for commercial development, such that private development projects do not need to provide on-site parking for commercial space.

The parking study projected how much parking would be needed by 2030 to meet retail parking requirements within the boundaries of the downtown plan, and also how much additional parking beyond that would be needed to also meet the needs of projected new office space. One of the decisions to be made for the Plan is whether to require office space to provide parking spaces on site, or to have the Redevelopment Agency also endeavor to create sufficient supply to meet both retail and office needs.

The number of additional spaces needed by 2030 for "retail only" is 523 spaces at 100% occupancy and 601 spaces at 85% occupancy; and for "retail + office" an additional 803 spaces are needed at 100% occupancy and 1,097 spaces at 85% occupancy. In order to provide an incentive for and flexibility for use of space for offices, staff supports waiving the on-site parking requirement for offices as well as retail (within the Downtown Core), and provision of public parking supply "in common". Given the fact that the VTA Caltrain parking lot (476 spaces), South County Courthouse parking lot (261 spaces), and Community and Cultural Center parking lot (232 spaces) are large resources that have not been counted by the Preliminary Draft Plan in the "available common parking supply" calculation, which are likely to be available to the public during peak downtown evening and weekend eating and dining hours, staff recommends that it would be appropriate to plan for something in between 85% and 100%, and proposes use of a 92% occupancy factor for the downtown core to supply both retail and office uses. This results in the need to supply an additional 859 spaces by 2030 (in advance of or concurrent with development).

Based on a specific study of Morgan Hill by the Metropolitan Transportation Commission (MTC) and its own analysis, the parking consultant (DKS) is recommending that residential units provide parking at an overall rate of 1.5 spaces per unit, with no guest parking requirement. This would be a minimum zoning requirement, and private developers could elect to provide more than 1.5 spaces per unit, but the city would allow projects at 1.5 spaces per unit. However, the Preliminary Draft Plan used that rate for all dwelling units, and it may be advisable to modify the requirement for larger and smaller units. In order to ensure sufficient parking and to create a disincentive for 3 and 4 bedroom units downtown, staff suggests that units that exceed 1,350 square feet should be required to provide 2 parking spaces per unit, with no guest parking requirement. A lower requirement could also be supported for small units; for units of 600 sf or less a parking requirement of 1 space per unit is recommended.

There are many opportunities for locating additional parking supply within the downtown core blocks 1 through 14. The City owns Block 6 (CCC) which contains 232 surface parking spaces; that site could be developed with a parking structure which could provide 500 spaces with two levels of parking, and over 700 with 3 levels. The City owns a portion of Block 7, which currently contains 64 spaces and could provide from 120 to 200 spaces with a 2- or 3- level parking structure. The Redevelopment Agency is pursuing a purchase agreement for Block 8 property; that site can provide 100 surface parking spaces in the near term, and 200 or 300 spaces with a 2- or 3-level parking structure. Additionally, some of the large development opportunity sites (e.g. Blocks 3, 4 and perhaps 2) could incorporate underground parking, or even parking structures within block interiors. It can be concluded that there are several publicly-owned sites that can accommodate the required additional 859 spaces of public parking supply, and there are also opportunities for public-private partnerships within redevelopment projects to supply underground or other parking supply resources.

As previously noted, parking resources that are likely to be available to the public but which are not included in the supply projections, include the County Courthouse parking lot, and the public VTA spaces during evenings and weekends, and the Community & Cultural Center spaces when unused by CCC events.

RECOMMENDATION #4

Base the parking supply strategy on a 92% occupancy factor for public parking available for both retail and office uses in the Core Blocks 1 – 14 (no on-site parking requirement), based on the revised 2030 Redevelopment Projection. For residential units, require 1.0 spaces on site for units of 600 sf or less, 1.5 spaces on site for units between 601 and 1,350 sf, and 2.0 spaces on site for units of more than 1,350 sf, with no residential guest parking requirement. Prioritize use of redevelopment funds to acquire and improve public parking spaces so that spaces are available prior to occupancy of new developments, and increase public parking supply by at least 500 parking spaces by 2015.

5. Changes to Preliminary Draft Land Use Recommendations

During the review and comment period for the Preliminary Draft Specific Plan, suggestions for further refinements of the land use plan (Figure 4 General Plan land use designations and Figure 5 Zoning Designations) have been noted. Some refinements to the commercial space strategy (Figure 6) have been discussed earlier in this report; refinements by block are discussed below.

Block 1: GP: Mixed Use. Zoning: CBD. Ground Floor Overlay: The required minimum depth of ground floor commercial is recommended to be 60 feet along Monterey, and 80 feet at each Monterey intersection (therefore minimum 80' x 80' commercial spaces, 6,400 sf, are required on corners)

Block 2: GP: Mixed Use. Zoning: CBD. Ground Floor Overlay: The required minimum depth of ground floor commercial is recommended to be 60 feet along Monterey, and 80 feet at each Monterey intersection (therefore minimum 80' x 80' commercial spaces, 6,400 sf, are required on corners).

Retail spaces on side street locations off East 1st Street and East 2nd Street (shown on Figure 6) are strongly encouraged, with depths of between 80 and 120 feet. Retain/improve Granada Theater as entertainment use. Projected redevelopment site offers potential for parking structure internal to block or underground parking.

Block 3: GP: Mixed Use. Zoning: CBD. Ground Floor Overlay: The required minimum depth of ground floor commercial is recommended to be 60 feet along Monterey, and 60 feet along Third Street, and 80 feet at every intersection of Monterey and Depot (therefore, 80' x 80' commercial spaces, 6,400 sf, are required on all four corners of the block).

Retail spaces on side street locations off East 2nd Street are strongly encouraged with depths of between 80 and 120 feet. Large projected redevelopment site offers potential for underground parking.

Block 4: GP: Mixed Use. Zoning: CBD. Ground Floor Overlay: The required minimum depth of ground floor commercial is recommended to be 60 feet along Monterey, and 60 feet along Third Street, and 80 feet at each Monterey intersection and at the Third/Depot intersection (therefore, 80' x 80' commercial spaces, 6,400 sf, are required on three corners)

Large projected redevelopment site offers potential for underground parking.

Block 5: GP: Mixed Use. Zoning: CBD. Not within GFO district.

Retail spaces along Monterey, and at the intersection of East 4th Street (as shown on Figure 6) are strongly encouraged, with depths of between 50 and 80 feet.

Block 6: GP: Public Facilities (Mixed Use for existing homes). Zoning: PF (CBD for existing homes). Not within GFO.

This block contains the Community & Cultural Center, outdoor amphitheater, Gavilan College building, and Playhouse. The existing surface parking lot containing 232 spaces is a candidate for structured parking which could double or triple the number of spaces available to the public.

Block 7: GP: Mixed Use. Zoning: CBD. Not within GFO district.

Retail spaces along East Main Avenue at Depot Street (as shown on Figure 6) is strongly encouraged, with depths of between 50 and 120 feet. Long-term and visitor secured bicycle parking facilities encouraged at city parking lot. Existing surface parking lot planned for parking structure to increase public supply.

Block 8: GP: Mixed Use. Zoning: CBD. Not within GFO district.

Existing warehouse and existing lumber yard encouraged to be replaced, when property owners desire and agree, with surface and structured parking spaces to increase public supply.

Block 9: GP: Mixed Use. Zoning: CBD. Ground Floor Overlay: The required minimum depth of ground floor commercial is recommended to be 60 feet along Monterey, and 80 feet at each Monterey intersection (therefore, 80' x 80' commercial spaces, 6,400 sf, are required on two corners)

Existing office structure at West 1st Street behind Monterey commercial building may be a candidate for retail use, with public parking behind the structure.

Block 10: GP: Mixed Use & Multifamily Low. Zoning: CBD & R2, RPD. Ground Floor Overlay: The required minimum depth of ground floor commercial is recommended to be 60 feet along Monterey, and 80 feet at each Monterey intersection (therefore, 80' x 80' commercial spaces, 6,400 sf, are required on two corners)

Block 11: GP: Mixed Use & Multifamily Low. Zoning: CBD & R2. Ground Floor Overlay: The required minimum depth of ground floor commercial is recommended to be 60 feet along Monterey, and 80 feet at each Monterey intersection (therefore, 80' x 80' commercial spaces, 6,400 sf, are required on two corners).

Retail spaces on side street locations off East 1st Street and East 2nd Street (shown on Figure 6) are strongly encouraged, with depths of between 80 and 120 feet.

City-owned parcel at Upper Llagas Creek planned for passive park with creek interpretive element, linking to pedestrian/bicycle pathway over steep hill to Del Monte Avenue.

Block 12: GP: Mixed Use & Multifamily Low and Residential Estate. Zoning: CBD & R2 & RE. Ground Floor Overlay: The required minimum depth of ground floor commercial is recommended to be 60 feet along Monterey, and 80 feet at each Monterey intersection (therefore, 80' x 80' commercial spaces, 6,400 sf, are required on two corners)

If property owner pursues a redevelopment project, the existing structure at intersection West 3rd Street and Monterey may be a candidate for restaurant development oriented to Upper Llagas Creek open space corridor.

Block 13: GP: Mixed Use & Multifamily Medium & Residential Estate. Zoning: CBD & R3 & RE. Not within GFO district. The recommended R3 district replaces the current R2 zoning and increases density from the current maximum of 14 units per acre to a recommended density of 21 units per acre.

Existing residential along Monterey at the south of the block may be candidate for restaurant development oriented to Upper Llagas Creek open space corridor.

Block 14: GP: Mixed Use & Multifamily Medium. Zoning: CBD & R3. Not within GFO district. The recommended R3 district replaces the current R2 zoning and increases density from the current maximum of 14 units per acre to a recommended density of 21 units per acre.

Existing development along Monterey is projected to be candidate for redevelopment with offices (about 30,000 sf and residential units).

Block 15: GP: Multifamily High. Zoning: R4. Not within GFO district. This block is the site of an approved housing project containing 134 dwelling units; 99 of which have already obtained RDCS allotments.

Block 16: GP: Multifamily High. Zoning: R4. Not within GFO district. This block is the Caltrain parking lot owned by VTA. VTA has expressed interest in pursuing a Transit-Oriented Development high density residential project (the existing number of Caltrain parking spaces would be retained). Given the site size, a 4 story development would be allowed and 186 dwelling units are projected.

Block 17: GP: Public Facilities. Zoning: PF. Not within GFO district. This block is the site of the South County Courthouse that is scheduled to open at the end of 2008, and is also the planned site of a Fire Station and a pedestrian plaza connection over the railroad tracks to East Third Street.

Block 18: GP: Mixed Use. Zoning: CBD. Not within GFO district.

Staff recommends change in land use from that presented in the Preliminary Draft:

GP: Multifamily Medium & Commercial. Zoning: R3 and CG. No GFO.

Staff recommends a GP designation of Multifamily Medium for the vacant portions of the site and Commercial for parcels that contain existing commercial uses and along Butterfield Blvd. Similarly, the zoning would be R3 for the residential area and CG for the commercial, which would accommodate restaurant, office and other commercial uses. Commercial uses were not projected in the 2030 Redevelopment Projection, and all uses at this location would be required to provide on-site parking.

Block 19: GP: Mixed Use & Public Facility. Zoning: CC-R and PF. Not within GFO district.

Staff recommends change in land use from that presented in the Preliminary Draft:

This block will remain Britton School & ballfields, with the Specific Plan allowing for a mixed use development along Monterey in the area of the tennis courts. Staff recommends changing the projection to reflect 27 dwelling units and 25,000 sf of offices (rather than retail). Retail would be allowed by the zoning, but staff believes it is more realistic to project offices rather than retail at this location.

Block 20: GP: Mixed Use. Zoning: CC-R. Not within GFO district.

Staff recommends change in land use from that presented in the Preliminary Draft:

GP: Multifamily Medium & Mixed Use. Zoning: CC-R. No GFO.

Staff recommends a GP designation of Multifamily Medium for the portions of the site west of the SCVWD creek easement, and Mixed Use for the portion of the site east of the creek easement, along Monterey Road. The 2030 Redevelopment Projection assumes that the existing shopping center site, which contains about 90,000 sf of commercial space and 8 dwelling units, is redeveloped with 17,000 sf of ground floor commercial space fronting Monterey Road, and about 90 units within the redeveloped block.

RECOMMENDATION #5

Revise Figures 4, 5, and 6 to reflect the above-recommended changes to General Plan, Zoning and Ground Floor Overlay provisions as detailed above for Blocks 1 - 20. Also reflect within the discussions of each block the "strongly encouraged" and "opportunity for" statements as detailed in the March 11, 2008 Planning Commission staff report.

6. Density, FAR and Height

Most public comment to date has been supportive of the recommended density increases in the downtown area, which include shifting to a Floor Area Ratio (FAR) approach in a new Central Business District (CBD) zoning district, generally at 2.0 FAR and 3 story height limit, but 2.25

FAR and a 4 story height limit (with 4th floor setback) for sites of 22,000 sf or larger. While one commenter was skeptical of 4 story heights downtown, other comments have been received that support even greater density/development scale downtown, particularly on the large “landmark” sites. The Preliminary Draft Plan does include a policy statement that PD zoning can be applied for by future developers who propose greater height or more intensive development; this type of project would allow for increased scale, mass and density within downtown core without amendment Specific Plan, if the City Council were to approve the requested PD zoning as being consistent with the intent, goals and policies of the Specific Plan. It should be pointed out that the two key sites that could accommodate greater heights would be on Blocks 3 and 4, between Monterey and Depot. Greater intensity of development on these large key sites could act as a downtown landmark, “pulling” downtown toward a connection with the UPRR ROW and the uses east of the tracks, without interfering with the predominately 2- and 3- story character of development along Monterey Road itself.

One commenter suggested that the CC-R district that applies to areas just outside of the downtown plan boundaries could be increased to more than the proposed 20 units per acre (from the existing 18 units per acre). It should be noted that the text of the CC-R district will need to be revised in conjunction with or to implement the Specific Plan.

RECOMMENDATION #6

Retain the FARs and height limits as proposed by the Preliminary Draft Specific Plan within the downtown core, as well as the language that would allow for Planned Development (PD) zoning applications to modify FAR, density and height standards, if determined consistent with the intent, goals and policies of the adopted Specific Plan. Include policy language within the Plan that suggests that two key sites that could accommodate greater heights would be on Blocks 3 and 4, between Monterey and Depot. Greater intensity of development on these large key sites could act as a downtown landmark, without interfering with the predominately 2- and 3- story character desired for development along Monterey Road itself.

7. Ballot Measure regarding RDCS Provisions for Downtown

The Preliminary Draft Specific Plan recommends placing a measure on the ballot to propose that voters approve modification of the Residential Development Control System (RDCS) to exempt residential units built within the Downtown Specific Plan boundaries if the projects are determined to be consistent with the Specific Plan. Some public comments have been received stating that the development goals of the Plan can be met without modifying the RDCS to exempt downtown, by establishing downtown set-asides and competition categories. While some public input supports waiving downtown from the RDCS, other input emphasizes that RDCS is an integral foundation for land use within the city, and there should be great reluctance and restraint in proposals to modify it.

Currently, the RDCS is set to expire in 2020, and whether the public or the City place a future measure on the ballot to extend it again is an open question. There are many options for the content of a ballot measure, which should be geared only toward the existing 2020 life of the RDCS. Within the proposed boundaries of the Specific Plan (Blocks 1 – 18) there are 278 allotments that have already been allotted, which means that 803 allotments would be needed for the 2030 Redevelopment Projection of 1,081 units within the plan boundaries. There remain 77 unallocated “Measure F allotments”, which reduces that to 726 allotments. That Projection extends through 2030, ten years beyond the current expiration of the RDCS. The 2015 projection is for 355 units within the downtown plan boundaries, but some commenters have stated that this could be too low. Again, the 2015 analysis was done in order to achieve a sense of how soon parking resources would

need to be provided, and is not intended to either delay or cap development at the 2015 projection. In fact, as previously stated, there is a strong argument that downtown should develop a substantial amount of new commercial space and residential units as soon as feasible, in order to establish a new identify and capture retail/restaurant demand.

There are many options for how to structure a ballot measure. One option is to increase the city's 2020 population cap to accommodate the number of projected units desired to be "exempt". Another option is to retain the existing population cap, and allow downtown housing units to be proposed, approved and constructed completely outside of the RDCS system, with ongoing monitoring to calculate the number of allotments that would be made available in competitions for projects not located in downtown. This option would likely reduce development activity outside of the core, which would be particularly opposed by developers of "ongoing projects", and generally opposed by property owners and developers who have been "waiting their turn" to develop. The approach of Measure F was to make allotments available for downtown housing units (100 units) with flexibility for downtown unit construction for previously-allocated as well as Measure F units. The 2020 population cap was not increased. The measure allowed the City Council to decide whether a competition was required, for the first round the Council did require a competition and that any project was still required to attain a "minimum score".

Considering the above, staff suggests that a measure allowing for 500 Downtown allotments, and an increase in the population cap by 1,000 (based on 2.0 persons per household reflecting smaller unit sizes) could be placed on a future ballot. Staff would recommend that the allotments are only available for mixed use projects providing ground floor commercial space in accordance with the Specific Plan. Staff recommends that the measure not require a competition or be assessed with regard to a "minimum score", in that construction of the project with ground floor commercial space within the downtown core would be presumed to provide community benefit.

In order for a measure to be placed on the November 2008 ballot by the voters, ballot measure language would need to be developed and a petition would need to be circulated very soon to obtain signatures supporting a measure, so that by July 2008 the measure would qualify for the ballot. CEQA compliance prior to the November 2008 vote would not be required. If the City of Morgan Hill were to place a measure on the ballot, the ballot measure language and CEQA would need to be completed by early August 2006.

In order for a measure to be placed on the March 2009 ballot, ballot measure language would need to be developed and a petition would need to be circulated by member(s) of the public and filed by September 12, 2008; or the Morgan Hill City Council would need to create a measure language, complete CEQA, and adopt a resolution by October 27, 2008 (no later than November 11th).

RECOMMENDATION #7

Staff recommends that a measure allowing for 500 Downtown Core allotments (Main to Dunne, Del Monte to UPRR ROW (Blocks 1 – 14), and an increase in the 2020 population cap by 1,000 (based on 2.0 persons per household reflecting smaller unit sizes) be placed on a future ballot, either by the public or the City Council. Staff would recommend that the allotments are only available for mixed use projects providing ground floor commercial space in accordance with the Specific Plan. Staff recommends that the measure not require a competition or that projects be assessed with regard meeting the RDCS "minimum score", in that construction of the project with ground floor commercial space within the downtown core would be presumed to provide community benefit.

8. Downtown Affordable Housing and Housing Element RHNA

The current Regional Housing Needs Allocation for Morgan Hill for the 2007 – 2014 period (which must be addressed in a Housing Element update due June 30, 2009) totals 1,329 units, distributed by income level as shown in the following chart. The chart also shows how the State Department of Housing and Community Development (HCD) has related residential density ranges to income levels (Capitola Housing Element, certified 2004), and how Morgan Hill's density ranges fit into income and density categories.

<i>Income Category</i>	<i>RHNA Allocation</i>	<i>HCD Density to Income Correlation</i>	<i>Morgan Hill Zoning District Density Ranges</i>
Very Low (< 50%)	321	> 25 – 35 + units per acre	CBD, R4, some PDs
Low (< 80%)	257	> 15 – 25 units per acre	CC-R, CL-R, R3
Moderate (< 120%)	248	> 10 – 15 units per acre	R2
Above Moderate (> 120%)	508	< 5 – 10 units per acre	R1, RE

2007 area median income is estimated to be \$105,000 for a 4-person family. HCD published 2007 income limits by household size, consistent with HUD methodologies, as follows:

Number of Persons In Household:		1	2	3	4	5	6	7	8
Adjustments:		70%	80%	90%	Base	108%	116%	124%	132%
	Extreme Low	22,300	25,500	28,650	31,850	34,400	36,950	39,500	42,050
	Very Low	37,150	42,450	47,750	53,050	57,300	61,550	65,800	70,050
Santa Clara County	Lower	59,400	67,900	76,400	84,900	91,650	98,450	105,250	112,050
Area Median Income:	Median	73,900	84,400	95,000	105,500	113,900	122,400	130,800	139,300
\$105,000	Moderate	88,600	101,300	113,900	126,600	136,700	146,900	157,000	167,100
	Above Moderate:	above the moderate income levels by household size							

The new CBD district proposed a general FAR of 2.0, with no density limit. An FAR of 2.25 is proposed for sites of 22,000 sf or more. Residential density levels within this FAR will depend on unit sizes as well as whether commercial uses locate on second or third floors, or whether all upper floors are residential. Projected residential density levels within the FAR district are between 25 and 45 units an acre, and densities could reach up to 60 units or more per acre on the larger sites. Occupancy of the units by rental households would tend to increase the likelihood that the households are very low, lower and moderate income households.

The existing R4 district allows between 25 and 40 units per acre. PD zoning provisions allow owners and developers to modify development standards, which could include increases in density.

The CC-R district is recommended to increase from the existing maximum 18 units per acre to 20 units per acre. The existing CL-R (Light Commercial-Residential District along Upper and Lower Monterey Road areas) allow a maximum of 18 units per acre.

All zoning districts are eligible for density bonuses for provision of deed-restricted affordable units.

The above analysis demonstrates that downtown housing units have the potential to meet some of the city's RHNA for very low, low and moderate income units, even if they are not deed restricted units available only to income-qualified households. The potential will be enhanced if units are available to renters rather than owner-occupants. If one-half of the 2030 projected 681 units within Blocks 1 – 14 are occupied by renters, that would be 340 units, which is almost 60% of the total very low and low income RHNA of 578 units. Renters downtown would be expected to include lower income young single persons, older persons no longer in the workforce, empty nesters, and so

forth. In order to create an incentive for rental housing and recognize its likely occupancy by households at or below moderate income, a requirement for deed-restricted affordable units is not recommended. However, in order to ensure that downtown housing production is consistent with California Redevelopment Law intent and requirements that 15% of housing units within project areas be available to persons at or below moderate income, staff recommends that a 15% inclusionary housing requirement apply to for-sale housing projects, with ongoing deed restrictions.

RECOMMENDATION #8

Modify affordable housing requirements for downtown core projects (RDCS and any inclusionary housing requirements adopted in the future) so that rental unit projects are exempt from the requirements, but that 15% of owner-occupied, for-sale housing units must be affordable to households at or below moderate income, with those units to be deed-restricted.

9. Monterey Road

The Preliminary Draft Specific Plan proposes (as did the 2003 Plan) narrowing Monterey Road from the existing four lanes, to two vehicular lanes. This proposal is currently being studied by the Master Transportation Impact Analysis, with results to be presented in the EIR on the Downtown Plan. In that the Redevelopment Agency will be pursuing completion of the Butterfield Blvd North and South Connections, as well as the Santa Teresa-Hale Corridor, it may be feasible to shift one lane in each north/south direction to those alternative north-south parallel routes. The advantages of having only two vehicular lanes downtown are that the street becomes much more pedestrian-friendly, and people rather than cars are the focus of the Monterey right of way. Options for use of the public right-of-way include further widening of sidewalks, addition of bike lanes (or use of sharrows), and/or construction of angled parking to increase on-street supply. With only two travel lanes, the median would not be necessary, and pedestrians would have only a short distance to cross the street. If determined to be feasible and if the two-lane proposal is adopted, a future streetscape planning process would occur, with public participation, to decide on the use of the right-of-way.

Most comments to date support this concept, but many people have commented that it should be implemented on a temporary trial basis prior to a final decision to implement the project. The EIR that is scheduled to be released in July 2008 will contain the information regarding feasibility.

RECOMMENDATION #9

Retain the Specific Plan proposal to narrow Monterey Road from 4 to 2 lanes, and direct the Master Transportation Impact Analysis and Circulation Element Assessment to determine the feasibility of the concept and what roadway improvements are necessary prior to implementation of the narrowing, to shift Monterey traffic to parallel north-south routes. Also, emphasize in the Specific Plan that the lane reduction will be implemented on a temporary trial basis prior to a final commitment to the project.

10. Plan Boundaries

The 2003 Downtown Plan boundaries extended from Dunne to Main, and from Del Monte to Butterfield. The boundaries in the Preliminary Draft match the 2003 boundaries. Both the 2003 Plan and the 2008 Specific Plan include recommendations for land use changes outside of the boundaries. To implement 2003 Plan recommendations a new CC-R (Central Commercial-Residential) zoning district was established within the downtown core as well as on blocks outside of the plan boundaries, and a new CL-R (Light Commercial-Residential) was established on Upper and Lower Monterey Road parcels. In 2004/05 the City Council adopted a "Downtown RDCS"

boundary that extended further north and south: generally to West Central along the north and Biscelgia to the south, which was used to define the downtown RDCS competition boundaries for 2004/05.

The proposed 2008 Specific Plan includes recommendations for Blocks 19 and 20 outside of the plan boundaries, and some comments have been received that those blocks (and perhaps others) should be included within the Specific Plan boundaries. Staff recommends retaining the existing boundaries, but processing and adopting the land use changes that are recommended for Blocks 19 and 20, including for the CC-R zoning district, concurrent with the Specific Plan, including analysis by the EIR. The reasons for NOT extending the boundaries to include Blocks 19 and 20 and others, is that those blocks will be required to provide all required parking on site, and that the recommended ballot measure to waive the RDCS competition for projects within the plan boundaries is intended to provide an incentive for downtown core development of mixed use projects, rather than for the "supportive" blocks.

RECOMMENDATION #10

Staff recommends retaining the existing boundaries, but processing and adopting the land use changes that are recommended for Blocks 19 and 20, and the CC-R zoning district, concurrent with the Specific Plan; including analysis by the EIR.

11. Refinement of Other Zoning District Development Standards and Miscellaneous Plan Modifications

Comments have been received about the need to refine development standards in the various zoning districts that apply to downtown and are contained with the Specific Plan. There is also a need to cross-reference and/or address which other Municipal Code and Zoning Ordinance chapters continue to be in effect for downtown developments. Staff agrees that these should be thoroughly reviewed for appropriateness within the downtown context. In that density itself would not be modified, the EIR work can proceed without total clarity about each of these refinements, and staff would propose to continue to work on those items through June 2008, with the goal of publishing the revised Draft Specific Plan along with the Draft EIR in July.

Comments have also been received about the need to strongly support shift of the bus route from Monterey to Depot, include more regarding multi-modal transportation, to address the potential for the California High Speed Rail Project to go through downtown in the future, and so forth.

RECOMMENDATION #11

Staff recommends that the Planning Commission support and the City Council authorize staff to continue to make plan refinements that would be incorporated into the revised Draft Downtown Specific Plan, which would be published and available to the public at the same time as the Draft EIR is available for public review and comment in July 2008.

A summary of staff recommendations is presented on the following two pages.



Memorandum

Date: JANUARY 5, 2007

To: ED TEWES, CITY MANAGER

From: BUILDING ASSISTANCE AND HOUSING SERVICES DEPARTMENT
COMMUNITY DEVELOPMENT DEPARTMENT

Subject: DOWNTOWN PLANNING HISTORY

In response to your request, the following summarizes the history of downtown planning and zoning changes that have occurred, as well as activities in which the City has been involved in an effort to stimulate the type of development envisioned in the Downtown Plan.

1980 Downtown Design Plan. The Downtown Design Plan, which was adopted in July 1980, outlined a series of actions to assist with the revitalization of the downtown area. Prior to the development of Highway 101, Monterey Road was the major north/south roadway through the City. One of the challenges for the plan was to create a more pedestrian oriented scale on this 110 foot wide street. In addition, the plan also included design guidelines, sign criteria, suggestions for landscaping, street furniture and a cost estimate to implement the proposed public improvements. In response to recommendations contained in the original Downtown Plan, during the 1980's and early 1990's, the Redevelopment Agency invested over four million dollars in streetscape and parking improvements. These improvements included brick-paver sidewalks, crosswalks, and raised planters, new curb and gutter, street trees, trash receptacles, and decorative lighting. Because the streetscape improvements resulted in the loss of some street parking, the Agency developed several off-street public parking lots. One of the lots is owned by the Agency, while others are leased from individual property owners. The Agency also developed a 64-space Caltrain park-and-ride lot and a small train depot building to house a concession stand.

2003 Downtown Plan Update. The Downtown Plan was updated in 2003 with the assistance of a 17 member task force comprised of a diverse group of stakeholders and community advocates. Membership included property and business owners, as well as residents of downtown, affordable housing advocates, members of the Planning Commission, Bicycle and Trails Advisory Committee, City Council and Redevelopment Agency members, local architects, representatives of the Chamber of Commerce and the Morgan Hill Downtown Association, housing and commercial developers, and a commercial real estate broker.

Since completion of the Downtown Plan update, the City has made significant progress in implementing its recommendations. Some of the more notable achievements include the following:

- **Density.** A majority of the downtown is within the Mixed Use General Plan designation and is zoned Central Commercial, Residential District (CC-R), which allows housing as a permitted use at a rate of one dwelling per 2,400 square feet of lot area (a maximum density of 18 units per acre). Pursuant to the Downtown Plan recommendations, the City has changed the General Plan designation on three mixed use opportunity sites to allow a density range of 25-40 units per acre. Additionally, two other sites were redesignated/rezoned from commercial and industrial uses to mixed-use and multi-family residential-high density to allow additional residential uses in close proximity to the commuter rail station.
- **Measure C Modifications.** The RDCS criteria has been significantly overhauled to allow downtown and small vertical mixed use projects to better compete for allocations. Last year's competition was held only for downtown projects with allocations extended into fiscal year 09/10. Over the past two years, nine projects with a total of 363 units have received allocations either within or in close proximity to the downtown. It should be noted that ground floor commercial space within these projects total approximately 57,000 square feet.

Measure F. Last November, voters approved a ballot measure (which modified RDCS) to allocate 100 additional units for projects of 25 units or less in the downtown core (defined as the area bordered by Main Street to the north, the railroad tracks to the east, Dunne Avenue to the south and Del Monte Avenue to the west). The measure also allows projects with allocations spread out over multiple years to advance the timing of construction.

- **Ground Floor Use Restrictions.** One of the policies of the 2003 Downtown Plan is to encourage retail, restaurant, entertainment, and service commercial businesses on portions of Monterey Road and Third Street in an effort to enhance the pedestrian character of downtown. Accordingly, in 2004 the CC-R zoning district was amended to restrict certain non-retail uses in ground floor locations. In particular, office and personal service uses became conditionally permitted requiring a Conditional Use Permit (CUP). Shortly after these code amendments went into effect, building owners and potential tenants expressed frustration at the time and expense required to comply with the CUP requirement for certain buildings and locations downtown.

In the fall of 2005, the City Council adopted code amendments which streamlined the process for conditional uses in the CC-R District by establishing a Downtown Administrative Use Permit process. Following approval of the ordinances, the Council directed staff to work with the Downtown Association on some follow-up amendments that would focus the "ground floor retail restricted area" to the area between Main and Dunne, excluding certain buildings that were designed for office use. This was accomplished in November of 2006 through the creation of a Ground Floor Overlay District that applies to portions of Monterey Road and Third Street. This new district encourages retail, restaurant and entertainment uses and discourages office and non-retail uses. It is also worthy to note that 64 properties located to the north and south of downtown were recently rezoned to Light Commercial-Residential (CL-R), which include office and other non-retail uses as principally permitted. This should help to alleviate some of the demand for retail space by non-retail uses in the downtown core.

- **Infrastructure.** The Downtown Plan calls for Depot Street to be improved with landscaping and enhanced sidewalks to serve as a strong pedestrian link between the commuter rail station and the Community Center to the south; and residential areas to the north. Similarly, the Downtown Plan calls for Third Street to provide a direct link between Depot Street/commuter rail station and Monterey Road.

In 2004, the City received a \$2.6 million grant from the Metropolitan Transportation Commission (MTC) for the Depot Street project consisting of new pavement, curb and gutter, sidewalks, decorative street lights, benches, public art, landscaping, and storm drain improvements along this five block downtown street. The project is currently under construction and is expected to be completed in early 2007.

The City recently received a \$1.7 million grant from MTC for the Third Street Promenade project consisting of new pavement, curb and gutter, wide colored concrete sidewalks with matching crosswalks at intersections and a mid-block crossing, removable bollards for street closures, pedestrian scaled street lighting with banner hardware, decorative planters and large canopy street trees, and street furniture. The required city match is \$325,000. A timeline for construction will be finalized following receipt of grant funding deadlines from MTC.

The City has also installed some traffic calming measures in downtown.

- **Parking.** The Downtown Plan calls for changing parking requirements in order to stimulate development in the downtown area. The suggested changes were to eliminate the on-site parking requirement for commercial use (1 space per 250 square feet) and to eliminate the guest parking requirement for residential uses (1 space per 4 units).

In 2004, the Planning Commission and City Council considered an ordinance to accomplish these suggestions, but the ordinance was not adopted at that time because it was decided that a downtown parking management plan should first be prepared to ensure parking supply and demand factors were studied, and measures/actions identified to ensure that long-term parking needs would be met downtown as it develops.

The Planning Commission reviewed a draft downtown parking management plan in June of 2005. At the meeting, the consultant acknowledged that the Plan represented a "best case scenario" based on various assumptions, which concluded that parking downtown would be adequate during the 2025 planning period. The consultant then presented revised information based on a different set of assumptions (more downtown development), which was termed the "worst case scenario". That scenario revealed that parking would be at 85% occupancy by 2007 and 100% occupancy by 2008. Both staff and the Planning Commission were of the opinion that that the projected scenario should be somewhere in between, but that more work needed to be done on the parking management plan to identify realistic assumptions, determine the actual projected loss of on-street parking due to Third Street and Depot Street improvements, and identify strategies for increasing and improving the public parking supply.

In July of 2005, the City Council adopted amendments to the parking ordinance that allow for commercial and residential guest parking exemptions for Measure C allocations awarded and commercial site review approvals obtained on or before March 1, 2007. This allowed for two years worth of competitions to occur, while the City and Redevelopment Agency work toward defining a more comprehensive strategy and funding, for increasing and improving the downtown parking supply. The parking management plan will be finalized in conjunction with an update of the Downtown Plan this year.

It should be further noted that the Metropolitan Transportation Commission (MTC) selected Morgan Hill as one of eight Bay Area cities to participate in a study of how to reform parking policies to support smart growth around transit hubs and town centers. The case study is expected

to be completed in 2007 and will include information useful in the update of the Downtown Plan.

The attached table more fully documents the status of the implementing activities of the current Downtown Plan and is keyed to the Implementation Strategy chapter.

Other activities of interest related to the downtown are as follows:

- ***Façade Improvement Program.*** In an effort to improve the exterior appearance of commercial buildings and properties within the Redevelopment Project Area which includes the downtown, in 1991 the Building Assistance and Housing Services Department developed a Façade Improvement Program. The program currently provides up to \$4,000 for architectural/design work and full reimbursement for City Site Review fees, and 50-percent rebates for exterior property improvements up to a fixed amount. Recent examples of businesses that have benefited from the program include *Rosy's At The Beach*, *Poppy's Fish Market*, *Maurizio's*, *Mama Mia's*, *The Granary* and *Ragoots*.
- ***Outdoor Dining Policy.*** In an effort to implement the vision of a revitalized downtown, in 2001, the City Council amended Title 12 of the Municipal Code (Streets, Sidewalks and Public Places) to include special regulations to allow sidewalk cafes. Specifically, the ordinance provides a list of criteria and establishes a permit process for this type of use. Some of the current restaurants that have taken advantage of this ordinance include *Rosy's At The Beach*, *Ragoots*, *Maurizio's*, and *Main Street Bagel*.
- ***Downtown Request for Proposals (RFP) Process.*** In 2002, the Redevelopment Agency solicited RFP's for projects to enhance downtown. The projects that received funding commitments include the Gunter Brothers mixed use project, the façade and tenant improvements to the old Granada Theater and the Art Guild.
- ***Commercial Conversions.*** A three year impact fee exemption was adopted by the City Council in October of 2003. Although it has recently expired, this pilot program exempted residential to commercial conversions and business expansions in the downtown area from paying impact fees. The City also administratively adopted a fire mitigation policy to allow for smoke monitoring systems in lieu of fire sprinklers for residential conversion to office/retail uses.
- ***Property Based Improvement District (PBID).*** Last July, the City Council adopted a PBID for downtown. The total PBID assessment is \$75,000/year, which is assessed on a prorata basis to all properties within the downtown area bordered by Butterfield Boulevard, Dunne, Del Monte, and Main Avenues. The purpose of the PBID is to maintain and enhance the core downtown area. The City/Redevelopment Agency share of the assessments is about \$23,000 annually.
- ***Commercial Rehabilitation Loan Program.*** The Redevelopment Agency adopted the Commercial Rehabilitation Loan Program on July 26, 2006. The program is only available in the downtown area as defined by the PBID boundaries. The program provides low interest financing up to \$100,000 to businesses wanting to rehabilitate an existing building in downtown. *Booksmart* used funding from this program to install tenant improvements.
- ***Redevelopment Agency Assisted Projects.*** The Redevelopment Agency facilitated the conversion of the old police station into a brewpub/restaurant, renovation of the former granary building, and the development of the County Courthouse in downtown.

- ***Redevelopment Plan Amendment.*** The entire downtown area is located within the Redevelopment Project area. In November of 2006, the Redevelopment Agency amended the Redevelopment Plan. Among other things, the Plan Amendment increased the Agency's tax increment cap and reauthorized bonding. One of the goals of the Plan Amendment is to focus on projects needed for economic development, rehabilitation and infrastructure, particularly in the downtown.
- ***Downtown Plan Update.*** Although the existing Downtown Plan's policies and guidelines are still very relevant, the numerous development projects either under construction or soon to be and a Redevelopment Agency poised to invest in the downtown have created the need to re-visit and once again update the Downtown Plan. These projects include 363 housing units, 57,000 square feet of commercial space, a new County courthouse, and major infrastructure projects underway (Depot Street and the Third Street Promenade). In December of 2006, Community Development Department staff released request for proposals to land use consultants, as well as commercial leasing specialists, with the expectation that the update will include strategies that will address redevelopment goals of retail use recruitment/retention and economic revitalization for this area of the City.